



Annual Report 2020–2021





The TAC acknowledges the
Traditional Owners of Victoria's
land and pays its respect to Elders
past, present and emerging.

Contents

Letter from the Chair to the Ministers	2
Board and Executive Management	3
Highlights	4
Chair and CEO's Report	6
About the TAC	8
Corporate Scorecard	10
Environmental, Social and Governance	11
Preventing Road Trauma	12
A Safer Future on Our Roads	16
Road Safety Campaigns	19
Community Engagement	20
Partnerships	22
Supporting People Affected By Road Trauma	24
Research and Innovation	32
Common Law and Impairment	35
Resolving Disputes and Complaints	36
Reducing Fraud	37
Our People	38
Managing the Scheme	45
Financial Report	46
Corporate Governance	92
Compliance	94
Disclosure Index	106

Letter from the Chair to the Ministers

Thursday October 28, 2021

The Honourable Ben Carroll MP
Minister for Roads and Road Safety

Level 20, 1 Spring Street
MELBOURNE VIC 3000

The Honourable Danny Pearson MP
Assistant Treasurer

Level 5, Macarthur Street
EAST MELBOURNE VIC 3002

Dear Ministers

I am pleased to submit the 35th Annual Report of the Transport Accident Commission for presentation to Parliament pursuant to Part 7 of the *Financial Management Act 1994*.



Greg Wilson
CHAIR

Board and Executive Management

MINISTER FOR ROADS AND ROAD SAFETY

Ben Carroll MP

ASSISTANT TREASURER

Danny Pearson MP

CHAIR

Greg Wilson
Appointed March 2019
Re-appointed November 2020

BOARD OF MANAGEMENT

Jane Brockington
Appointed October 2017
Re-appointed November 2020

James Flintoft
Appointed July 2019

David Heath
Appointed February 2017
Re-appointed February 2020

Louisa Hudson
Appointed August 2016
Re-appointed August 2019

Julia Mason
Appointed August 2016
Re-appointed August 2019

Sharon McCrohan
Appointed December 2019

John Merritt
Appointed October 2018

Dr Samantha Smith
Appointed February 2017
Re-appointed February 2020

CHIEF EXECUTIVE OFFICER

Joe Calafiore

EXECUTIVE LEADERSHIP TEAM

Jane Barker
Head, People and Culture

Liz Cairns
Head, Strategy, Sectors & Research

Samantha Cockfield
Head, Road Safety

Tony Dudley
Chief Financial Officer & Head,
Business Enablement

Andrew Holt
Chief Risk Officer

Brad Kemp
Head, Information Technology
Shared Solution

Jason Lardelli
Head, Scheme Performance

Natalie McColl
Head, Rapid Recovery

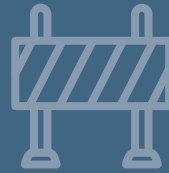
Damian Poel
Head, Complex Recovery
& Serious Injury

Jo Whyte
Head, Marketing & Communications



Reduction in lives lost

211 lives lost in 2020,
down from 266 in 2019



\$192m

spent on life saving
infrastructure,
including 312km of
flexible barriers

Highlights



**Completion
of Victoria's first
Road Safety Memorial,**
providing a place of solace for
those impacted by road trauma



**Launch of the
Victorian Road
Safety Strategy
2021–2030**



53,705

Victorians supported
with their transport
accident claims



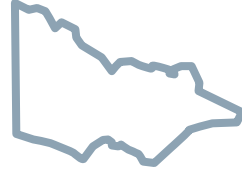
\$1.57b

paid to help clients
get their lives back
on track



90%

of accounts paid
within 14 days



2,382

injured Victorians
returned to work

including 83 of our most
critically injured clients



1,168

common law
settlements
paid in record time



76%

staff engagement
in the annual TAC Employee
Opinion Survey – well above
global standards

Chair and CEO's Report

The 2020–2021 financial year was like no other in our history

The challenges for people and organisations right across our community were immense. With the impacts of an ongoing global pandemic impacting everyone in the community, the TAC has had to adapt to ensure our clients receive the support services they need. We had to adapt quickly in the delivery of our life-saving infrastructure projects. And we at the TAC had to deliver all of our services and programs to the Victorian community with our workforce being largely remote for an entire year.

Given all of this, we are proud to look back on a year in which we not only continued to deliver our core services in both preventing road trauma and getting the lives of injured Victorians back on track, we also took significant steps forward in improving the way we serve the Victorian community.

In the last 12 months the Minister for Roads and Road Safety Ben Carroll launched a new road safety strategy and we unveiled ground-breaking new road safety initiatives. We have reformed the way we set up our organisation to better meet the needs of our most seriously injured clients and have contributed our voice and expertise to reforms to the disability, aged care and social housing sectors.

As a social insurer, we are focused on making a meaningful contribution to society, both in our core insurance role and more broadly as a part of the Victorian community. In the past 12 months we have completed our first Reconciliation Action Plan, taking important steps towards mending bridges with First Nation's people. We have initiated positive actions to improve equality and diversity in our workplace, and through our various TAC partnership programs, we have provided much-needed support to community and sporting groups hit hard by COVID-19.

As a scheme that provides lifetime support for many clients, it is vital the TAC ensures that it is in a strong and sustainable position. By focusing on accident prevention, effective claims management and using technology to run the business more efficiently, the TAC has recorded a record Performance from Insurance Operations of \$990 million.

In addition, an investment return of 16.13% has resulted in an overall profit of \$2.48 billion. While this result is pleasing, a future of increased volatility, lower population growth and more uncertainty means the TAC remains focused on continuing to ensure the scheme is sustainable and clients can be reassured that they will be supported in the years and decades to come.

Our clients

We know this past year has been particularly difficult for our clients. Restrictions on work, travel and health services, have meant that many of our clients did not have the face-to-face support they normally would.

Through enhancements to our technology and systems, TAC staff embraced new and innovative ways of working to meet the needs of our clients during the uncertainty of the COVID-19 pandemic. TAC clients and providers also adapted quickly with many taking advantage of telehealth consultations over face-to-face appointments. With clients accessing more than 100,000 services through telehealth in 2020–2021, this has proven to be a valued option for the remote delivery of services to our clients.

We would like to thank all our providers who were so agile in finding ways to support our clients. Similarly, we would like to thank Victoria's courts that went digital during the pandemic, enabling us to continue our important work with them.

Overall in 2020–2021, the TAC provided \$1.57 billion in services and benefits to 53,705 Victorians. Through our efforts, 2,382 clients have returned to work after their accidents, including 83 of our most seriously injured clients.

Client outcomes remain our priority. Through a clear roadmap developed over the past year, we continue to evolve our use of data and analytics to better understand our clients and improve their experience and outcomes, while ensuring the delivery of efficient operations.

Ongoing developments to our service model and internal structure also represent our continued commitment to giving our clients choice and control over their lives and the treatment and services they need to achieve their goals.

Road safety

While it was encouraging to see a significant drop in road trauma numbers in 2020, 211 people still lost their lives on our roads over the course of the year and many more were injured.

We are extremely optimistic about the State's new Road Safety Strategy 2021-2030, which provides Victoria's road safety partners with a roadmap to drive down road trauma. The TAC was instrumental in creating the strategy, launched in December 2020, and will lead from the front in ensuring its key commitments are met – to halve deaths and reduce serious injuries by 2030 and achieve zero fatalities by 2050.

In 2020–2021, the TAC, together with our Department of Transport partners, reached important new milestones with the roll-out of flexible barriers and other life saving infrastructure. An additional 312km of barriers now safeguard the state's most dangerous roads.

Our hard-hitting 'The Lucky Ones Get Caught' road safety campaign, launched at a time when Victorians were travelling in unprecedented numbers within their own state, reminded drivers of the dangers of speeding and the importance of enforcement activities in saving lives, while our unique 'Left Unfinished' campaign provided a harrowing messages from those who have lost loved ones or who have been seriously injured in road accidents.

New mandatory passing rules, legislated in April 2021, provide greater protection to cyclists and will improve awareness of road sharing, while numerous grassroots initiatives funded through TAC Small Grants and Local Government Grants programs will vastly improve the safety of vulnerable road users – cyclists, pedestrians, children and the elderly – in their own local communities.

Our people

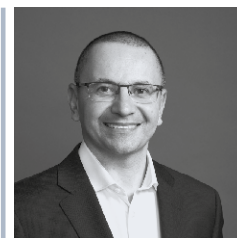
In all of this we would like to particularly acknowledge our people, who over the last 12 months have shown persistence, resilience, intelligence and most importantly, humanity, to find ways to continue delivering for the people of Victoria. As an organisation we have learned to expect the unexpected, to be flexible in our decision-making and to embrace the many opportunities that change presents. This is a credit to our people.

The TAC has long been an employer of choice, with an engaged and committed workforce, and a culture that is a real asset to serving the Victorian community. Steps taken in 2020–2021 to make the TAC a more inclusive workplace, to maximise the benefits of a hybrid model of working and to broaden our social impact, will make us even stronger.

As the impact of the global pandemic continues, the community is facing many challenges. As we move to finalise our next corporate strategy, we remain determined and committed to reducing trauma and helping our clients recover. A more efficient and effective TAC that is committed to learning every day and meeting the very high expectations the Victorian community has of us is what we are striving to achieve. We would like to thank our clients, our partners, our providers and our staff for ensuring we deliver the support that people deserve now and well into the future.




Greg Wilson
CHAIR




Joe Calafiore
CHIEF EXECUTIVE OFFICER

Impact on Profit	16/17 \$M	17/18 \$M	18/19 \$M	19/20 \$M	20/21 \$M
Performance for insurance operations	142	(424)	(1,538)	744	990
Impact on profit from external factors:					
Difference between actual investment returns and long-term expected returns	516	363	18	(973)	1,331
Change in inflation assumptions and discount rates	1,289	(619)	(3,576)	459	1,204
Repayment of capital	(30)	–	(255)	–	–
Tax	(573)	233	1,549	(51)	(1,049)
Net profit/(loss) after tax	1,344	(447)	(3,802)	179	2,476
Insurance Funding Ratio ¹	164.0%	164.8%	137.7%	137.1%	161.7%

¹ Insurance funding ratio from 2018/19 includes a risk margin and uses a long term investment return of 7.25%.

About the TAC

The Transport Accident Commission (TAC) is part of Victoria's transport portfolio, led by the Department of Transport, Victoria.

The vision of the transport portfolio is to deliver an integrated and sustainable transport system that contributes to an inclusive, prosperous and environmentally responsible state.

Together, entities in the transport portfolio deliver simple, safe, connected journeys, and are working together to shape the transport system so it meets the needs of the people that use it now and in the future. While the TAC is an independent statutory authority, it is a key contributor of initiatives of the Department of Transport and the transport network, so Victorians can stay connected to jobs, education and each other.

What we do

Established under the *Transport Accident Act 1986*, the TAC's role is to promote road safety, support those who have been injured on our roads and help them get their lives back on track.

The TAC's 'no fault' insurance scheme is funded through the TAC charge, which is a component of the annual vehicle registration Victorians pay through VicRoads.

These annual payments cover the costs of injuries which are the direct result of accidents involving standard road transportation vehicles – cars, trucks, motorcycles, buses, trains or trams. Medical and support services are paid to any injured person regardless of who caused a crash, including drivers, passengers, pedestrians, motorcyclists and cyclists.

Working with our road safety partners, health and disability stakeholders, clients, employees and the broader community, the TAC aims to reduce road trauma and support those it affects through:

- ▶ **Accident prevention**
By working with our road safety partners to reduce the incidence and severity of road trauma.
- ▶ **Rehabilitation**
By working with partners to maximise the return to health, work and independence of those injured.
- ▶ **Claims management**
By supporting our people to make the right decision at the earliest time to deliver accurate compensation.
- ▶ **Financial management**
By working with Government to ensure the scheme is viable, sustainable and represents value for money.
- ▶ **Scheme design**
By working with stakeholders to ensure compensation is suitable, just and effectively delivered.

Our vision

Zero deaths and serious injuries on our roads.

Our mission

To be the world's leading social insurer.

Our values

Our values guide our behaviour, our thinking and ultimately the treatment we provide injured Victorians.

We value life.

We make every conversation count.

We will find a better way, today.

We make the complicated simple.

Corporate Scorecard

The 2020–2021 financial year presented the entire community with challenges never seen before. The pandemic had significant impacts on our clients being able to receive the support they need to get their lives back on track; on our ability to work with partners to do life-saving prevention work; and on how we operate as an organisation, with remote working settings in place in Victoria.

Despite all this, our 2020–2021 Corporate Scorecard demonstrates that we are adapting to those challenges and continuing to deliver a high quality service to the Victorian community.

The TAC sets ambitious corporate targets each year to continually push ourselves to achieve better road safety and clients' lives back on track outcomes. At the same time, we set equally strong targets on the scheme's financial performance to ensure our long-term viability.

Road Safety outcomes are measured by a reduction in deaths and serious injuries as well as the engagement of the Victorian community in our vision. Lives Back on Track outcomes are measured by client satisfaction, service delivery and better client outcomes, including helping our clients to reach their employment potential and ensuring they are engaged in social participation.

		Measure	End of June Actual	Full year target
Road Safety	Road Safety	Lives Lost (#) (2020 calendar year)	211	200-220
		Serious Injuries (MAIS3+)	1,024	1,225
		Community Sentiment (%)	51.3%	50.0%
Clients' Lives Back on Track	Client Reported	Client Outcomes Score (/10)	6.91	7.15 (7.00-7.30)
		Client Experience Score (/10)	7.08	7.90 (7.75-8.05)
	Client Outcomes Index	Return to work – Rapid Recovery and Supported Recovery (#)	2,299	2,500
		Return to work – Independence (#)	83	80
		Scheme Participation (%)	27.8%	27.0%
	Client Service Index	Accounts Resolved Timeline (%)	90.1%	85.0%
		Common Law Resolution Timeline (months)	13.4	14.2
Sustainability	Financial	Economic Insurance Result (\$M) (before road infrastructure)	1,292.9	625.1
		PFIO (\$M)	989.8	(75.9)
		Administrative Ratio (%)	10.0%	10.1%
		Insurance Funding Ratio (%)	161.7%	127.0%
	People	Sustainable Engagement (%)	76.0%	79%
		Health, Safety and Wellbeing	Established (1 lever advanced)	Established (1 lever advanced)

Environmental, Social and Governance

The TAC is firmly focused on preventing people from being killed or injured on Victorian roads and supporting those who are affected by road trauma. Doing this in a sustainable way is at the core of everything we do.

At the same time, we recognise that as an organisation we also have an important role to play in the community and our impact goes far beyond our clients and Victoria's roads. We see it as our duty to make a positive contribution to the Victorian community.

The TAC is making decisions from a broader perspective so we can consider our approach to influencing issues such as climate change, equal opportunity, procurement, board composition and ethics. Environmental, social and governance will be included in our new Corporate Strategy to demonstrate our commitment to be more explicit and accountable in this arena.

Reconciliation

The TAC acknowledges our First Nations people as the Traditional Owners of the land and acknowledges and pays respect to Elders past, present and emerging. The TAC is committed to building long-term and meaningful relationships with Aboriginal and Torres Strait Islander people throughout Victoria. We are proud to have taken a strong step forward in that regard, lodging our Reconciliation Action Plan (RAP) – Reflect in March 2021. The RAP Reflect is a framework to guide the TAC to improving and enhancing relationships with the Aboriginal and Torres Strait Islander community.

Some of the focus areas for the next 12 months include promoting reconciliation with employees; collaborating with like-minded organisations on reconciliation

actions; ensuring our clients receive culturally supportive treatment options, services and referral pathways; and increasing cultural safety within the organisation.

Improving gender equality

The TAC is committed to promoting gender equality both in our organisation and in the community more broadly. The Victorian Gender Equality Act, which commenced in March 2021, provides us with direction for doing that.

This year we have commenced our very first Gender Equality action plan, which will not only lead towards greater gender equality within the TAC, but also guide improvements to the services we provide tens of thousands of Victorians each year.

Reducing our impact on the environment

With more than 1000 staff working in offices across Victoria and projects around the state, we recognise that the TAC's operations have an impact on our environment and we are committed to reducing the negative impacts. While we already have a range of environmentally-friendly policies in place, in the past year we have begun looking at a host of new ways to reduce our impact on the environment.

This includes new opportunities to reduce the environmental impact of our head office in Geelong, such as reducing our energy use as a result

of our new hybrid working model, implementing a new waste management system to reduce our waste and working with the building owner to re-establish a formal environmental rating of our head office.

It also includes looking at how we could introduce electric vehicles into our pool of fleet vehicles. Our vehicles do significant kilometres on the roads visiting clients across Victoria and our research shows we could significantly reduce the environmental impact of that through electric vehicles.

We have also begun looking at our client housing strategy through initiatives that could reduce the TAC's carbon imprint and potentially reduce consumption costs over the longer term.

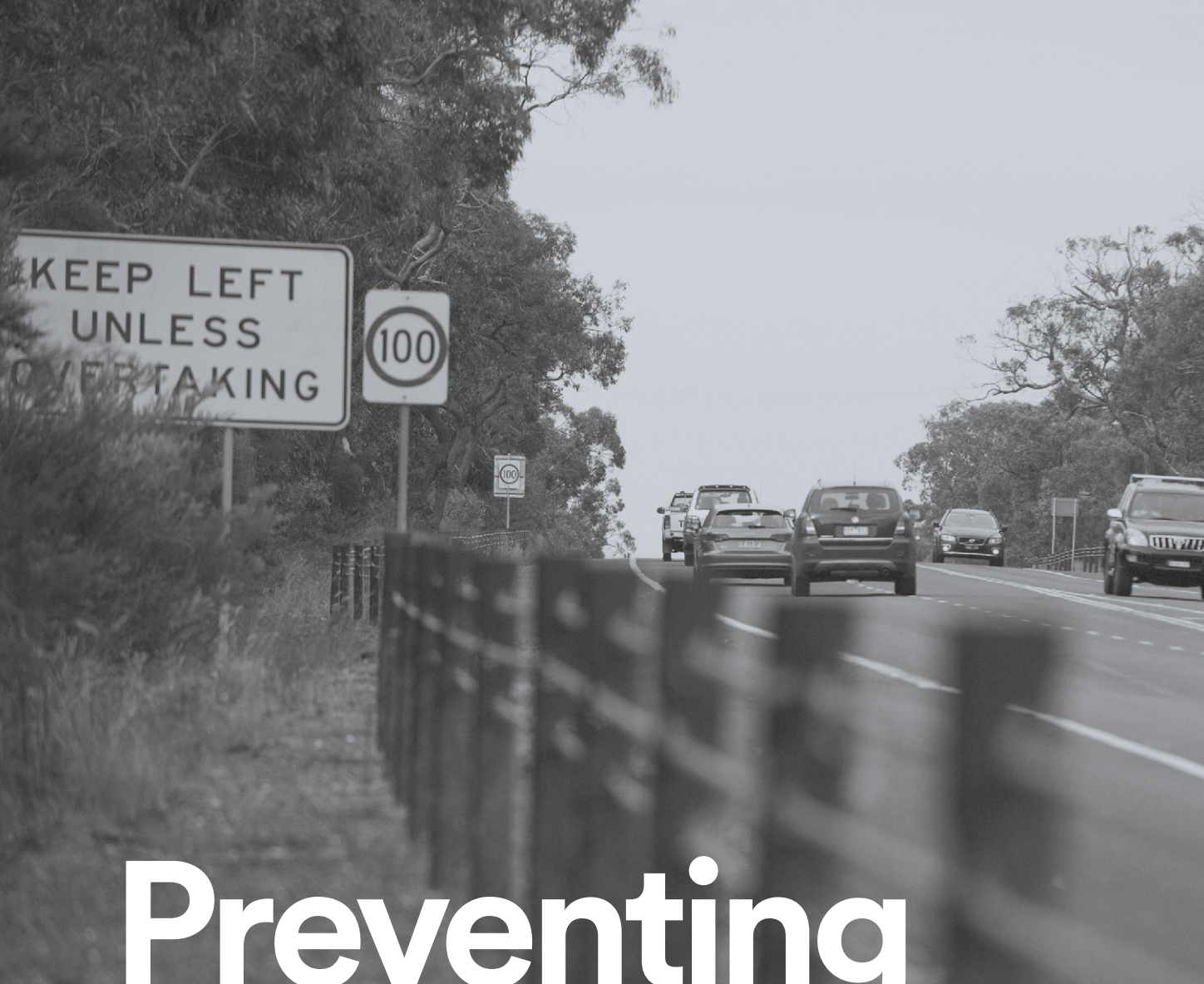
All of these initiatives will be further advanced in 2021–2022.

Social procurement

We procure significant amounts of goods and services each year and in 2020 we developed our first social procurement strategy to ensure that procurement not only represents value for money, it has a positive social impact more broadly.

The strategy ensures:

- Our procurement has the most positive environmental, social and economic impact possible over the entire lifecycle.
- Our procurement is ethical and our suppliers comply with the Victorian State Government Supplier Code of Conduct and Modern Slavery legislation.

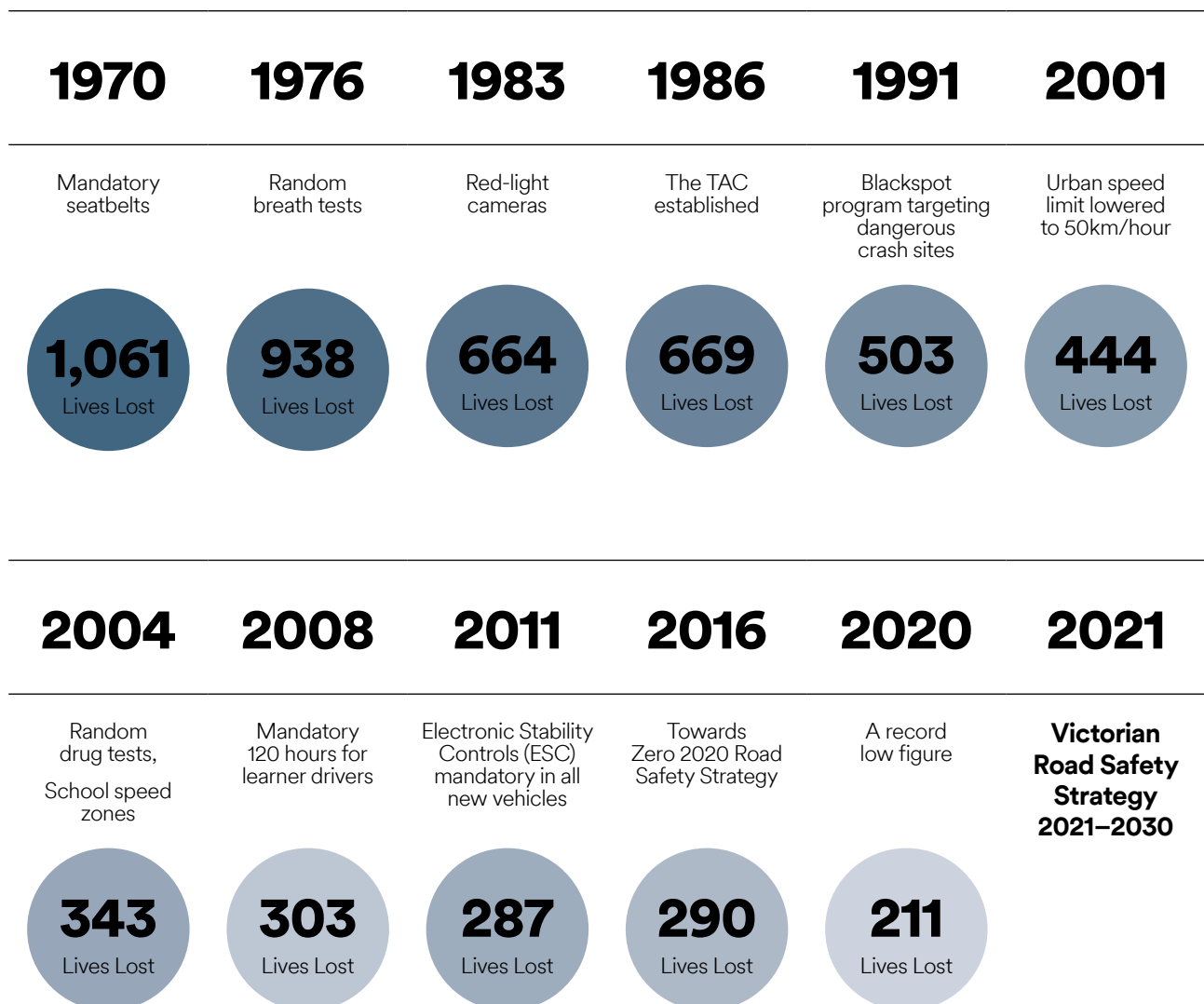


Preventing Road Trauma

Victoria has long been a global leader in reducing trauma and the TAC has spearheaded that work for close to 35 years.

Whether it be through internationally-acclaimed public education campaigns, supporting ground-breaking research or investing record amounts in pioneering technologies and infrastructure, the TAC has always pushed to find and deliver new ways to make our roads safer.

The *Victorian Road Safety Strategy 2021-2030* is the next step in that journey – aiming to halve road trauma and significantly reduce serious injuries by 2030, and ultimately to stop all deaths and serious injuries on our roads by 2050.



Victorian Road Safety Strategy 2021–2030

The TAC is proud of the part it has played in the development of the Victorian Road Safety Strategy 2021–2030, launched in December 2020.

It is an important 10-year plan for further driving down road trauma.

At its centre is a \$1.4 billion investment over three years, including \$385.9 million for new road safety initiatives. This builds on an unprecedented spend under the previous *Towards Zero Strategy (2016–2020)*, which helped to deliver two years of record-low fatalities and the largest roll-out of life-saving infrastructure in the state's history.

The new strategy is the culmination of extensive community consultation and reflects the determination of the TAC and our partners – the Department of Transport, Victoria Police, Road Safety Victoria, the Department of Justice and the Department of Health and Human Services – to do more and do better.

Last year 211 people were killed on Victorian roads. Hundreds more were seriously injured, some with life altering impairments. These numbers are unacceptable.

The new strategy aims to halve road trauma and significantly reduce serious injuries by 2030, and achieve zero deaths by 2050.

Importantly, it also re-endorses the internationally-recognised Safe System approach to reducing road trauma. Our own extensive research tells us that this approach, and its underlying principle that road safety is a shared responsibility, is the right one.

It is supported by a detailed action plan, outlining major initiatives to be undertaken over the 10 year period, focussed on:

- people who are at high risk of being injured – unprotected and vulnerable road users, and those travelling in older vehicles
- people who use the roads for work – those for whom the vehicle is their workplace, as well as road workers
- people who engage in high risk behaviours – those who drink and drug drive, repeat offenders, those who speed, and those who are distracted or inattentive.

Since its formation in 1987, the TAC has been at the forefront of improving Victoria's road safety culture and the work we do will be integral to the success of this new blueprint in further driving down road trauma.

Road Trauma Memorial

Victoria's first Road Trauma Memorial, on the Geelong waterfront, provides a place of reflection for the many people impacted by road trauma.

Officially opened in August 2020, the memorial was developed by the TAC in partnership with the City of Greater Geelong, Road Trauma Support Services Victoria and the Uniting Church, Synod of Victoria and Tasmania. TAC clients also provided important input.

At the heart of the memorial is a sculpture by Ocean Grove-based artist Don Walters, titled 'Solace,' which depicts the phases of the moon. The installation was selected after a statewide competition.



“

I hope Solace will be a rewarding visual experience and a place for contemplation and reflection for all those in the Victorian community who have been impacted by road trauma.”

Don Walters, Artist of Solace

A Safer Future on Our Roads

The TAC recognises the importance of quality contemporary road safety research in driving down trauma. Over many years we have invested significantly in research that seeks to understand and better manage human behaviour and that leads to better technologies and transport systems. We do this because we know that safer people, vehicles, roads and speeds will result in fewer crashes and less lives lost.

Study provides insights into drowsy driving

An Australian-first trial of new pupil-scanning technology has confirmed strong links between sleepless drivers and a lack of focus on the road.

The trial – supported by the TAC in partnership with Road Safety Victoria, Monash University Accident Research Centre (MUARC), Victoria Police and the Cooperative Research Centre for Alertness – was aimed at better understanding the role fatigue plays in road trauma.

With drowsy drivers involved in as much as 11 per cent of fatalities, the trial importantly demonstrated the potential to detect excessively fatigued drivers in a roadside context.

Participants were kept awake for up to 32 hours before a two-hour drive on a controlled track, supervised by a qualified instructor in a dual-controlled vehicle. They then took three further drive tests – after three hours' and five hours' sleep in a 24-hour period, and again after eight hours' sleep.

Drivers were tested before and after their drive with a scanner that measures involuntary movement of their pupils.

The study also collected a range of behavioural, physiological and driver performance data like brain electrical activity, lane deviations, speed variations and changes in reaction time to show the effects of excessive fatigue on a driver.

The Victorian Government has invested \$850,000 into the technology. The trial's results will now be analysed to determine how it can be implemented in real-world settings.

Automated vehicle trial shows the path to a safer future

The results of the TAC-funded Bosch Connected and Automated Vehicle (CAV) trial will help inform decision-making regarding the benefits of driverless vehicles in real-world conditions and road safety infrastructure planning.

Successfully completed in 2020, the trial was the first in Victoria to receive a permit for on-road testing under Victoria's Automated Driving System (ADS) Permit Scheme, as part of the Victorian Government's \$9 million Connected and Automated Vehicle Trial Grants Program.

It involved more than 6,000 kilometres of testing and development on different road environments including the Mornington Peninsula Freeway and Western and Bass Highways.

The Bosch CAV uses cutting-edge technology to process information from sensors around the vehicle to safely navigate traffic independently – including changing lanes and overtaking if necessary – integrating seamlessly into normal traffic without the need for human intervention.

Connected and Automated Vehicles provide the opportunity to significantly improve road safety in the future, ultimately saving more lives. This trial, delivered in partnership with Bosch and the Department of Transport, will provide a better understanding of the infrastructure and legal requirements to accommodate their broader use.



Enhanced crash investigation gives pivotal insights into crash causes

The Victorian Enhanced Crash Investigation Study (ECIS), completed in 2020, gives unprecedented insights into the key causes of serious injuries on Victorian roads and will potentially save lives.

The TAC committed \$7.6 million to the Monash University Accident Research Centre (MUARC) to undertake the ground-breaking research over seven years. VicRoads, Victoria Police, Ambulance Victoria and the Alfred and Royal Melbourne hospitals were also key participants.

The study involved the detailed examination of more than 400 serious crashes that occurred between August 2014 and December 2016. Also analysed were 5,000 pieces of individual information, which included interviews with trauma survivors and painstakingly recreated accident scenes.

Crash investigation teams also inspected the scene of each crash and the vehicles involved. The injuries suffered by people involved in these crashes were significant and in many instances life-changing.

The ECIS confirmed the impacts of speeding in injury severity, with serious injuries more common in crashes that occurred on lower quality roads with higher posted speed limits. It found that exceeding the speed limit by just 3 km/h increased a driver's crash risk by 25 per cent.

The full report can be found on the MUARC website.

Roadside drug testing saves lives

The Monash University Accident Research Centre (MUARC) study underscored the importance in TAC-funded roadside drug testing in saving lives.

The study evaluated the impacts of the Victorian Government's \$9.8 million investment to increase the number of drug tests from 42,000 in 2015 to 100,000 annually. The study found that increase prevented more than 33 fatalities and nearly 80 serious injuries each year.

The study also highlighted the times and days when alcohol, cannabis and methamphetamine are most likely to be present in drivers who are involved in crashes, and a breakdown of the levels of drugs and alcohol detected.

Drink and drug driving are among the most significant factors in deaths and serious injuries on Victorian roads. In the past five years, 18 per cent of drivers and motorcyclists killed in Victoria had illegal blood alcohol levels, and 41 per cent had drugs, both legal and illegal, in their system.

The MUARC data reinforces the critical role enforcement plays in keeping Victorians safe on our roads, and why investment in drug and alcohol tests is vital to reach the Victorian Road Safety Strategy's ambitious target to halve road deaths and reduce serious injuries by 2030.



Educating tomorrow's drivers

Teaching safe driving with L2P and Unity Cup

In March 2021, the TAC supported Unity Cup celebrated its 14th year, with more than 500 participants from culturally diverse communities. The TAC is proud to support this unique annual program, which brings together people from various cultures to participate in an AFL competition and personal development sessions. The TAC utilises the Unity Cup to promote the TAC-funded L2P program and promote the need for young learners to gain the required 120 hours of driving practice.

The TAC L2P program has been assisting learner drivers without access to a car or the experience and the support they need to gain their licence since 2008. The program is free for eligible young people aged 16–21 years, with young learners matched to fully licensed volunteer mentors and provided with access to a sponsored vehicle.

Road to Zero Education Complex

Despite the impacts of COVID-19, the TAC's world-leading Road to Zero Education Complex continued to develop safer drivers of the future, with the introduction of a new digitally interactive program for VCE students.

Developed in collaboration with teachers for students studying Health and Human Development, the program explores health promotion through the lens of road safety.

It builds on Road to Zero's already impressive educational offerings, which include an interactive exhibition space, at Melbourne Museum, and a travelling Regional In-School program.

In 2020–2021, the complex was recognised with two significant awards; a Prince Michael of Kent International Road Safety Award in the 'Safe Road Users' category, and a Museum and Galleries National Award (MAGNA) for 'Interpretation, Learning and Audience Engagement.'

Since the Road to Zero Education Complex was opened in 2018, more than 112,000 people have passed through its doors, with a further 1,089 young people in regional Victoria accessing in-school programs.

Road Safety Campaigns

The TAC have a strong history of compelling campaigns to inform and educate people on road safety issues. In 2020-21 these campaigns shared important messages through media, digital platforms and community activations.

Left Unfinished

The TAC's Left Unfinished campaign, developed in partnership with Road Trauma Support Services Victoria, serves as a powerful reminder to all drivers to never take life for granted when they get behind the wheel.

This emotive campaign, launched in November 2020, focuses on seven Victorians who either lost their lives or had their lives permanently changed due to road trauma.

Central to the campaign is an exhibition of everyday personal items – a tool belt, football jumper, school hat, a ring, a pair of high-heel shoes, sheet music and a spotlight – accompanied by the 'Left Unfinished' story behind them, told either by the person injured or a loved one. Each item represents a chapter in a book that will never be written, a future that will never be fulfilled and ultimately, a life changed forever, cut short and left unfinished.

In 2020–2021 the exhibition travelled from Melbourne to regional centres. It was also accessible virtually via a QR code.

Left Unfinished is a tribute to the seven individuals, their families and loved ones who shared their stories. In doing so, they have played a part in educating and potentially saving the lives of others.

Night time driving parental control

Research shows that in their first year behind the wheel, probationary drivers are seven times more likely than fully-licensed drivers to be involved in a fatal or serious injury crash when driving at night.

Young drivers are also likely to listen to the advice of their parents during the 20 hours of compulsory night time driving practice – but less so after they get their licence.

The hard hitting 'Young drivers – dangers of night time driving' campaign aimed to enlist the help of parents to use this time to ensure their children are as well-prepared as possible to be a safe night time driver by encouraging conversations about the risks.

This campaign supports the increase from 10 to 20 night time driving hours required of learner drivers before receiving their probationary licence, legislated in 2017. It also includes a call to action for parents to visit a dedicated web page – tac.vic.gov.au/nightdriving – to find tips and tools to help reduce the risks of night driving for their young driver.

The campaign was launched in April 2021 across catch-up TV, radio, digital activity and social media. A direct mail out letter was also sent to parents of L plate drivers.

The lucky ones get caught

The TAC's deliberately confronting 'The lucky ones get caught' campaign reminded Victorians that the purpose of road police enforcement is to keep everyone safe. It did this by highlighting the dangers of speed and distractions.

Launched in December 2020, the campaign was timed to run across all media platforms during the holiday season and, with COVID-19 border closures in place, more Victorians than ever before were driving long distances within our own state.

The campaign showed a couple and their young children travelling to a family gathering. Unluckily, the speeding father behind the wheel manages to evade police three times. Later in the journey, after becoming distracted, he loses control of the vehicle and it rolls down an embankment.

The traumatic outcome could have been avoided had he been 'lucky' enough to have been stopped earlier by police.

'The lucky ones get caught' reminds all drivers of how deliberate choices, such as speeding, can have a devastating impact and demonstrates the importance of police enforcement in keeping all road users safe.

Spend it wisely

Christmas is traditionally a busy, high-risk time on Victorian roads, but the 2020 festive season was unlike any before it.

Following multiple lockdowns and with COVID-19 interstate travel restrictions still in place, Victorians instead holidayed in record numbers within their own state.

Through its 'Spend it wisely' campaign, the TAC encouraged all drivers to slow down and be more thoughtful of others by reminding them of the risks of traveling increased distances on unfamiliar roads. The campaign highlighted the dangers of fatigue, speed, drink and drug-driving or driving while distracted.

The campaign incorporated a digital advent calendar which rewarded Victorians with daily tips, gifts and festive moments.



Community Engagement

The TAC Community and Stakeholder Engagement team supports Local Government and grass roots initiatives in a number of ways, including through grants programs, road safety expertise and community education initiatives.

Drive Safely Because

The Surf Coast and Mornington shires are the first two local governments to participate in the TAC's new *Drive Safely Because* pilot program, aimed at broadening community awareness of road safety.

The TAC Community and Stakeholder Engagement Team worked closely with both shires to consider road safety priorities, especially around protecting children, pedestrians and cyclists.

Each local government's respective campaigns incorporated locally-inspired messaging on bold blue and white signs, reminding people that the foremost reasons to slow down and drive safely are the family and friends who share the roads.

Local Government Grants Program

Our Local Government Grants Program provides funding up to \$100,000 for projects that aim to reduce, and where possible eliminate road trauma in local areas.

In 2020–2021, \$1.989 million was allocated to 42 separate projects, chosen from a record 70 applications.

These were a mix of road safety analysis and infrastructure projects to keep pedestrians and cyclists safe.

Successful local governments provided matching funding for each project.

TAC Grants Program

The TAC Road Safety Grants Program encourages grass roots ideas that help stem trauma and save lives on roads. It recognises that each community is different and has its localised safety issues, opportunities and priorities.

In 2020–2021, grants of up to \$30,000 – totalling \$394,000 – were provided to 17 local not-for-profit community groups and other community organisations. The projects supported vulnerable road users, including pedestrians, cyclists and motorbike riders.

Previous grants have helped fund community road safety strategies, road signage, safer crossings and localised education campaigns and safer cycling initiatives.

TAC Club Rewards

Victoria's sporting clubs were among the hardest hit by the COVID-19 pandemic, with entire competitions cancelled and tens of thousands of participants – from juniors to seniors – sidelined.

Through our three decade-long partnership with AFL Victoria, the TAC provided an opportunity for football and netball clubs to secure funding of up to \$10,000 through our \$1.3 million TAC Club Rewards Program.

Commencing in March and closing in August 2021, the program asked clubs to show how they were actively promoting road safety through activities and messaging across their social and digital channels.

The program provided a leg-up to Victoria's 1,200 clubs to purchase uniforms and equipment when they needed it most. It also provided an invaluable opportunity to reach thousands of members and supporters, particularly in rural areas where club members often travel long distances to train, play and support their teams.

Surf Coast Shire

"Safety is our number one concern down here, we want our community and tourists to feel welcome."

**Callan Young,
Project Engineer**

Hobsons Bay

"This intersection was a risk, particularly to vulnerable road users. I'm proud to have partnered with the TAC, local community and traders to deliver a successful outcome."

Jonathon Marsden, Mayor

A chance of a lifetime...

Seven year old Jayden Newman is a passionate Melbourne Victory fan. Unfortunately, the injuries he sustained in a vehicle accident mean he can't physically get to the ground to cheer the team on.

This made him the perfect candidate to become Australia's first virtual mascot in April 2021!

Controlling a portable two-way camera on wheels from the comfort of his home, Jayden was able to meet his favourite players and go inside the change rooms.

The unique technology even allowed him to be side-by-side with the team as they ran onto Marvel Stadium for the match against the Western Sydney Wanderers.

The memorable experience was made possible through the TAC's long-running partnership with Melbourne Victory.

“

It is a privilege to watch Jayden's excitement and to know that ourselves and the TAC have put a smile on his face.”

Jake Brimmer,
Melbourne
Victory player



Partnerships

TAC Strategic Partnerships

Over the year a number of partnerships and events were impacted by the COVID-19 crisis so we worked closely with our partners to use digital and social media channels to communicate road safety messages to the community in place of any cancelled events.

AFL Victoria

\$500,000

Football clubs are the heart of local communities and they are ideal partners to help communicate key road safety messages to the community.

Via the partnership with AFL Victoria and through its commissions, leagues and local clubs, the TAC has the ability to engage with an audience of 450,000 people across 1,400 clubs in Victoria.

AFL Victoria

\$205,000

The TAC is premier partner of the Unity Cup as part of our agreement with AFL Victoria. As part of the TAC Unity Cup program, participants complete on field training days as well as personal development sessions in the lead up to the final event.

The Unity Cup is a football program that brings people together from all cultures and religions to participate in an AFL 9's tournament. The TAC utilises the Unity Cup to promote the L2P program in a bid to help disadvantaged youth gain the required 120 hours of driving practice.

City of Melbourne

\$200,000

All road users whether it be as drivers, pedestrians, cyclists or motorcyclists are at risk when their attention is taken from the task of using our road network.

The focus of the TAC's partnership with the City of Melbourne targets pedestrians, cyclists and motorcyclists (including scooter riders) within the City of Melbourne and Metropolitan Melbourne.

The objective of the partnership is to reinforce and build on the community awareness that being distracted whilst using our road network is a road safety issue for pedestrians, particularly in a busy metropolitan environment.

Collingwood Women's Program (AFLW & Netball)

\$155,000

Driver distraction is one of the leading causes of road trauma on Victoria's roads; with mobile phones one of the most common forms of driver distraction.

Improving how well a vehicle protects people in a crash, or how well it can avoid a crash in the first place, can help reduce road trauma. If everybody upgraded their vehicle to the safest in its class, road trauma would drop by a third. The partnership with Collingwood Super Netball allows the TAC to communicate vehicle safety messages directly with Collingwood Magpies audiences at events and through other club channels.

Country Racing Victoria

\$273,000

Country Racing has a long history in Victoria of facilitating social unity, providing the opportunity for community interaction and often acts as a space for friends and family catch-ups in regional locations.

Situated mostly in regional Victoria, race goers are limited by modes of transportation to and from the track. The TAC assists some clubs with travel grants to fund shuttle buses.

The aim of the partnership is to reduce the incidence of drink driving from Country Racing events. To reduce drink driving related trauma and educate the community about what transport options available and the importance of planning how to get home.

Cycling Victoria

\$50,000

Cyclists are 34 times more likely than a car occupant to be seriously injured on the road and 4.5 times more likely to die in a crash.

The TAC has partnered with Cycling Victoria, which is the peak governing body for organised competitive, and recreational, cycling within Victoria. It is an affiliate of Cycling Australia and the International Cycling Union (UCI) and currently has 58 affiliated clubs and over 7,000 members throughout Victoria.

The partnership provides the opportunity to speak to cyclists about cycling safely.

Golf Australia

\$250,000

Victoria is home to 320 golf clubs with over 96,000 members and over 2.6 million rounds of competition played annually. During the pandemic we worked with Golf Australia to brand all club house bars with messaging to keep drinking and driving separate.

Melbourne International Comedy Festival

\$150,000

The objective of the partnership is to educate the community about the risks associated with being distracted whilst using the road network. We also aim to educate Victoria about road safety issues that affect regional Victoria via the regional comedy festival tour, which has been postponed until later in 2021. Also increase the level of perceived crash and injury risk with Victorian road users associated distraction.

Melbourne International Film Festival

\$95,000

The focal point of this partnership was owning the 'Turn Off Your Phone' message which is played before every film screening throughout this year's online festival.

The TAC utilised the partnership as a vehicle to award Green Man Grant funding to a Victorian aged 18-25 and give them the opportunity to make the roads safer through creative expression.

In light of this, the TAC developed the Split Second film Competition, a short film competition giving young creatives the opportunity to showcase their talent on the big screen. Entrants were tasked with developing an idea to help change the way we think about using phones in cars.

Motorcycling Australia

\$50,000

Motorcyclists are over-represented in road trauma and present a disproportional cost in claims to the TAC.

The partnership with Motorcycling Australia allows the TAC to work with Motorcycling Australia to promote safety messages to its Victorian audience. The TAC attends the Superbikes series events held in Victoria. The TAC promotes the benefits of motorcycle ABS and the use of protective clothing.

Motorcycling Victoria

\$30,000

Motorcyclists are over-represented in road trauma and present a disproportional cost in claims to the TAC.

The partnership with Motorcycling Victoria allows the TAC the opportunity to distribute safety messaging to Motorcycling Victoria's database and work with Motorcycling Victoria to promote safety messages to members. The TAC attends various motorcycle events throughout Victoria. The TAC promotes the benefits of motorcycle ABS and the use of protective clothing.

Melbourne United

\$200,000

Improving how well a vehicle protects people in a crash, or how well it can avoid a crash in the first place, can help to reduce road trauma. If everybody upgraded their vehicle to the safest in its class, road trauma would drop by a third.

With the Melbourne United audience in mind, the TAC personalised vehicle safety messages by humanising what a safe car can do for them and their families.

The TAC encourages the Melbourne United community to visit [howsafeisyourcar.com.au](https://www.howsafeisyourcar.com.au) and ultimately get them to upgrade their car to the safest in its class.

Melbourne Victory

\$400,000

We also focus on vehicle safety through our Melbourne Victory partnership, reinforcing how important vehicle safety is in reducing road trauma. If everybody upgraded their vehicle to the safest in its class, road trauma would drop by a third.

The TAC encourages the Melbourne Victory community to go to [howsafeisyourcar.com.au](https://www.howsafeisyourcar.com.au) and consider upgrading their car to the safest in its class. Via the partnership with Melbourne Victory, the TAC has the ability to strengthen its relationships with diverse cultural communities throughout Victoria and promote important road safety messages to communities of many cultural backgrounds.

Signature Sports – Cadel Evans Great Ocean Road Race & the TAC Race Torquay

\$80,000

As cycling increased in Victoria, so did cycling related road trauma. Whilst the event did not proceed in 2021, the TAC continued to engage with road safety messaging being delivered to its audience through digital, social and podcast.

The partnership allows the TAC to engage with the community and target messages to both motorists and riders. Messages reinforce that road safety is a shared responsibility and we all have our part to play in being safe on our roads.

Winemakers of Rutherglen

\$52,000

The TAC undertakes a range of activation programs promoting drink drive road safety messaging, providing year-round exposure and activity in the Rutherglen Wine Region.

The partnership aims to discourage the Victorian community from drinking and then driving from regional events and encouraging attendees to make a plan to get home.

Lives Back On Track

Independence Australia

\$50,000

Independence Australia is a social enterprise that provides choices for people living with a disability or personal need, supporting them to regain and retain their independence. The TAC supports the SpinChat program, which is a key Independence Australia project which raises awareness, promotes prevention and educates secondary school students about spinal cord injury. The program sees young people with a spinal cord injury and in wheelchairs talk to students about life before their injury, the cause of their injury and life since.

Geelong Liveability and Our People

Geelong Arts Centre

\$15,000

Geelong Arts Centre fosters the artists and creative communities of Geelong. The aim of this partnership is to enhance the Geelong region as a better place to live and work for TAC staff. As a large employer in the Geelong region, we choose to contribute to the peak arts centre that helps to shape people and society through the arts.

Geelong Chamber of Commerce

\$15,455

The Geelong Chamber of Commerce is the peak business group in the Geelong region with over 900 members, including the TAC. We are committed to building the Geelong community and positioning the region as an icon of clever and creative transformations.

Geelong Food Relief

\$20,000

Geelong Food Relief assists those in need of emergency food relief within the Geelong community. Each year more than 14,500 families use the Geelong Food Relief Services, equating to more than 36,000 adults and children.

Give Where You Live

\$60,000

Give Where You Live is one the largest annual community grant makers in Victoria. They are a catalyst for social change through innovative philanthropic solutions to challenging social problems. The aim of this partnership is to enhance the Geelong region as a better place to live and work. As a large employer in the Geelong region, we choose to contribute to the peak charitable body that supports many worthy causes in our region.



Supporting people affected by road trauma

“

We were worried about the financial impacts of the accident, but the TAC were there for us from the beginning.”

Abhinesh, TAC Client

Supporting Clients During COVID-19

Telehealth

TAC research indicates both clients and providers prefer face-to-face consultations, but with various COVID-19 related restrictions in place over the past 12 months this could not always be achieved.

Telehealth was key to maintaining the support for TAC clients, with consultations during periods of COVID-19 restrictions ensuring the safety of both our clients and the health workforce. This phone or video method of linking clients with health practitioners and specialists was especially important for those living in areas where travel was restricted.

With telehealth appointments now becoming more widely used, the TAC has committed to retaining our temporary telehealth item codes into the future, allowing for continued flexibility in service access. Strict guidelines exist to ensure TAC funded services provided through telehealth adhere to ethical guidelines and codes of conduct and a comprehensive program of monitoring and research has been established to ensure it continues to meet client needs and remains cost-effective. This includes the commissioning of two longitudinal studies to examine uptake, benefits and impacts for hospitalised and non-hospitalised clients.

These studies will inform future recommendations related to TAC funded services delivered via telehealth.

In 2020–2021, more than 100,000 medical and health consultations were provided via telehealth. The total spend was \$10.7 million.

The biggest uptake was for mental health supports and general practitioner services.

Softphones

Softphone technology enables staff to make phone calls from their laptops and has been pivotal in keeping TAC clients connected to support staff during COVID-19 lockdowns.

In 2020–2021, the software was provided to 355 of our Rapid and Complex Recovery staff, identified as critical contacts. This rollout ensured calls could still be taken and services administered to a high level while employees were working from home. In total, the TAC fielded 128,171 calls via softphones and returned a further 41,589 voicemails.

Vulnerable clients project

The TAC established its Operational Response Working Group in May 2020, to gain a better understanding of how our clients and providers were impacted by the pandemic and to take steps to minimise adverse recovery outcomes.

This work was framed around three key themes: recovery impacts linked to the reduction in service provision over the pandemic period, the effectiveness or otherwise of telehealth as an alternative treatment option and the impacts of the pandemic on our vulnerable client groups.

Through its work, the group was able to identify and reach out to clients who had ceased or were having difficulty accessing treatments during COVID-19. Forty-seven per cent of those interviewed said their health had deteriorated. In response, the TAC initiated targeted support options and expanded the scope of telehealth services.

As the impacts of the pandemic continue to be felt, our group members will proactively monitor and reach out to clients to ensure their treatment needs are met and they remain connected within their communities.

Lives Back on Track

The TAC is always looking for ways to deliver better outcomes for our clients. For this reason, in February 2021, we announced a restructuring of our client service divisions to better cater to those requiring longer lasting and/or more complex injury rehabilitation supports.

Up until this time, clients were categorised into one of three existing divisions – Independence, Supported Recovery and Rapid Recovery.

As a result of the restructure, Independence and Supported Recovery now form one new Complex Recovery and Serious Injury (CR&SI) division.

While client cohorts and job roles remain the same, the new union builds on the existing strong relationship and shared relationship that existed between Independence and Supported Recovery and better reflects the role of both in:

- Supporting clients and their families with significant complexity and/or disability;
- Determining and delivering compensation; and
- Delivering claims legal services.

20% Complex Recovery and Serious Injury

The Complex Recovery and Serious Injury (CR&SI) division of the TAC is directly responsible for managing the claims of more than 22,000 people. The spectrum of their injuries – both accident and non-accident-related – is broad and means, while some will require TAC support for weeks or months, others, including the some 7,000 who have experienced a life-changing disability, will be with us for years and potentially for the remainder of their lives.

The short and long-term care needs of and compensation payable to clients within the CR&SI division account for around 80 per cent of the TAC's outstanding claims liability.

80% Rapid Recovery

The TAC's Rapid Recovery division is the first point of contact for Victorians who have experienced road trauma and directly supports 80 per cent of all TAC clients in their recovery journey.

Most of these people are able to recover with minimal intervention and are in and out of the scheme within a few weeks. Some, however, are with us for many months and need return to work and extended health support.

The TAC's involvement with clients can begin immediately after an accident, when our trauma team

will liaise with hospitals to gather as much information to ensure the next steps in a client's back on track process happen as quickly and seamlessly as possible. These steps include rehabilitation and support for returning to work.

Rapid Recovery responds to more than one thousand calls a day from both clients and health care providers enquiring about claims and payments

A TAC-led initiative to rid Victoria's law courts of paper helped keep the wheels of justice turning during recent COVID-19 lockdowns.

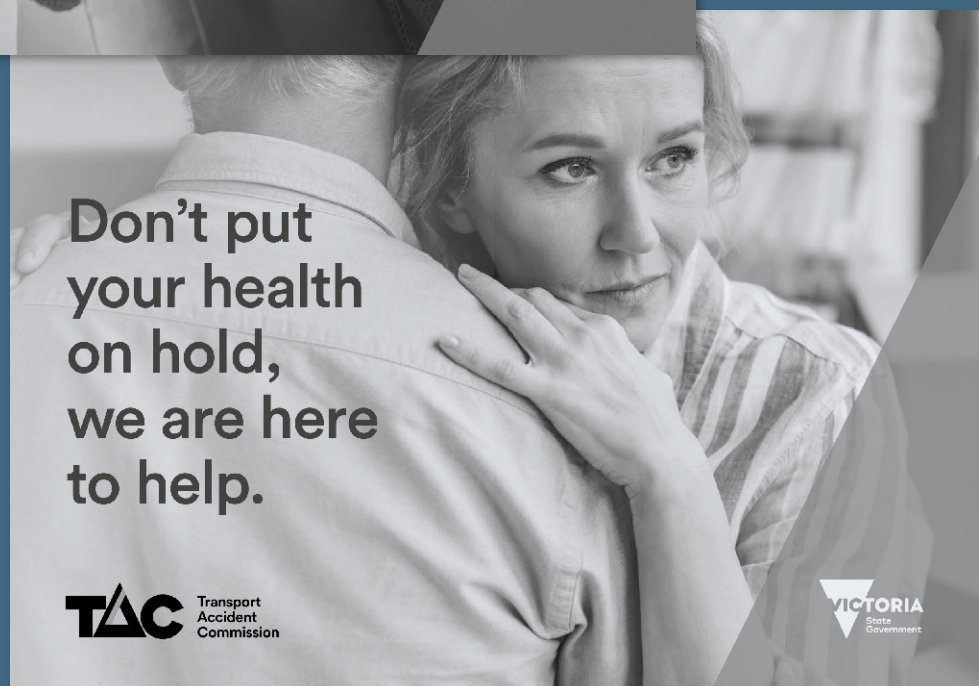
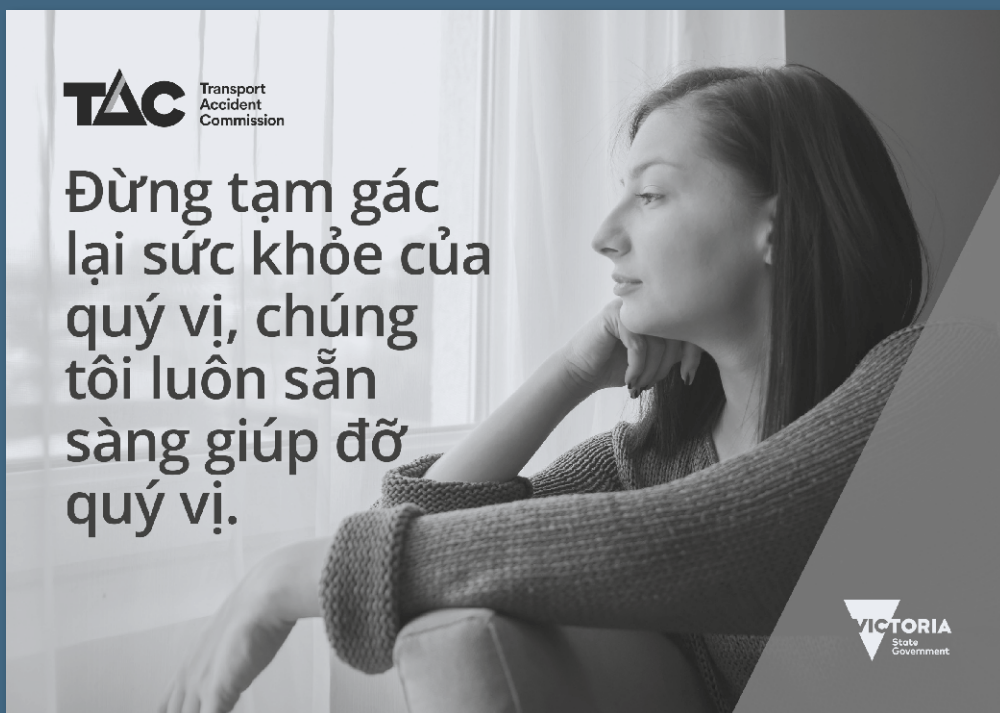
Fully electronic trials, whereby evidence and other documents are uploaded to an iPad or laptop, were first introduced by the TAC in the County Court in January 2020. Our TAC legal team proactively worked with the courts and plaintiff lawyers to further expand electronic trials into the Magistrates Court and common law division, allowing litigation and compensation processes to continue uninterrupted.

This new way of working has not only delivered obvious environmental benefits by sparing the courts of reams of paper, it has also ensured participants in the legal process were well set up to continue functioning through 2020–2021.

Remote hearings provide greater flexibility, efficiency, and in some cases greater accessibility and we are immensely proud of the role we have played in their introduction.

A postcard was just one of the ways the TAC reached out to clients feeling isolated as a result of COVID-19 restrictions.

Created in eight different languages, the postcards conveyed a message of support, encouraged clients to continue accessing their treatment and reminded them to reach out to the TAC if they needed any help.



Our Clients

Safeguarding our clients

The TAC continues to enhance the way we promote quality and safe services as we uphold a zero tolerance of abuse, neglect and exploitation of our clients.

In 2020–2021, our organisation launched a new Quality and Safeguarding referral tool – giving employees improved information for internal and external referral options. Approximately 800 TAC staff will undertake further training in identifying vulnerable clients and responding to indicators of abuse, neglect and exploitation. Additional Quality and Safeguarding measures implemented this year include the development of Family and Friends as Paid Support Workers Policy and refreshed Quality Review processes for IRQS registered providers.

These actions align with our commitment to contemporary disability practice in the way we facilitate and fund services for our clients.

Returning clients to work

Returning to work plays an important part in a person's recovery after injury. It can boost their sense of independence, mental health, self esteem, identity and social participation. Through our Return to Work Program, the TAC proactively helps clients to set goals for and remove barriers to resuming meaningful employment.

Where a client cannot return to an existing job, vocational rehabilitation services are provided to explore new options.

The TAC works directly with clients, employers and treating health professionals to find the most suitable approach to suit each client's individual needs.

In 2020–2021, the TAC's Return to Work Program was challenged by the continuing COVID-19 pandemic. Against a backdrop of travel restrictions and lockdowns, we are immensely proud to have assisted 2,382 clients to resume work, including 83 of our most seriously injured clients.

MyPlan Pilot

A two-year trial to test a new contemporary approach to goal setting has delivered positive outcomes for some of the TAC's most severely injured clients.

A comprehensive evaluation of the MyPlan Pilot was completed with input from clients, staff and providers with the final report delivered in February 2021.

The results showed that the pilot was successful in shifting practice by adopting new technology, planning tools and frameworks. A key aim was to enhance client choice, control and participation in decisions that affect their lives. Evidence showed that 89 per cent of all planning decisions were made by clients during the pilot.

Developing a deep understanding of the client and their preferences was identified as a critical and foundational factor in the success of planning. This has supported the pilot cohort to achieve positive return to work rates (19% of clients), establish a better understanding of client subjective wellbeing (37.4% of clients have score on the Personal Wellbeing Index within the Australian normative range) and participation in valued life roles (clients participate in an average of 4 valued roles at baseline as assessed through the Life Role Checklist). This forms a strong baseline from which to benchmark improvement into the future.

The some 150 clients involved in the pilot to date have been pivotal in identifying potential improvements that will benefit all severely injured clients. Planning is now underway to expand the program to all severely injured clients once the pilot concludes in September 2021.

Client surveys

For more than 20 years, the TAC has conducted annual surveys to measure our performance in responding to the post-accident needs and life back on track goals of clients.

In 2020–2021, some 3,000 clients participated in these surveys. The continuing COVID-19 pandemic, particularly the rapid transition to remote working, impacted service delivery and forced changes to the way we interacted with clients. The resulting frustrations were reflected in the most recent survey results.

We take this feedback seriously and through the introduction of new customer focused technologies and systems, such as softphones, the TAC has and will continue to find solutions and better ways of supporting clients through this challenging period.

Life Back on Track

Asked about the extent to which they had been able to get their lives back on track, participants gave a 6.9/10 rating, compared with last year's score of 7.23.

Client satisfaction

Asked about their dealings with the TAC over the last 12 months of their claim, participants gave a 7.08/10 rating, compared with 8.05/10 last year.

Customer service satisfaction

Asked about their satisfaction with the TAC's customer service, participants gave a 6.71/10 rating. While this is slightly lower than the previous survey, the majority of respondents – 66 per cent – said they liked the way they were treated by TAC staff.

Care Coordination Pilot

A new pilot program aimed at linking TAC clients with supports and services already available in their own communities, is already showing positive outcomes especially for clients from Culturally and Linguistically Diverse (CALD) backgrounds.

Commenced in April 2021, the Care Coordination Pilot involves the TAC working with and drawing on the local knowledge of already

established care coordinators and community networks to facilitate a better understanding of what programs and initiatives already exist nearby.

Up to 300 clients will participate in the pilot, which is targeted to 11 local government areas in the southeast and northwest of Melbourne.

Initial results show 29 per cent of those referred through the program are from CALD backgrounds. We know these clients often have

difficulties engaging with or understanding community services available to them.

Fifty per cent of participating clients told us they were not confident to engage with community services, while 63 per cent were not aware of services in their community to address their wellbeing needs. It is hoped the pilot will result in improved engagement and faster access to local supports and less reliance on paid services.

Affordable and Accessible Housing

The TAC has long recognised that people with a disability face challenges in securing appropriate accessible accommodation. This has been exacerbated by general housing affordability and increasing pressure on social and affordable housing supply.

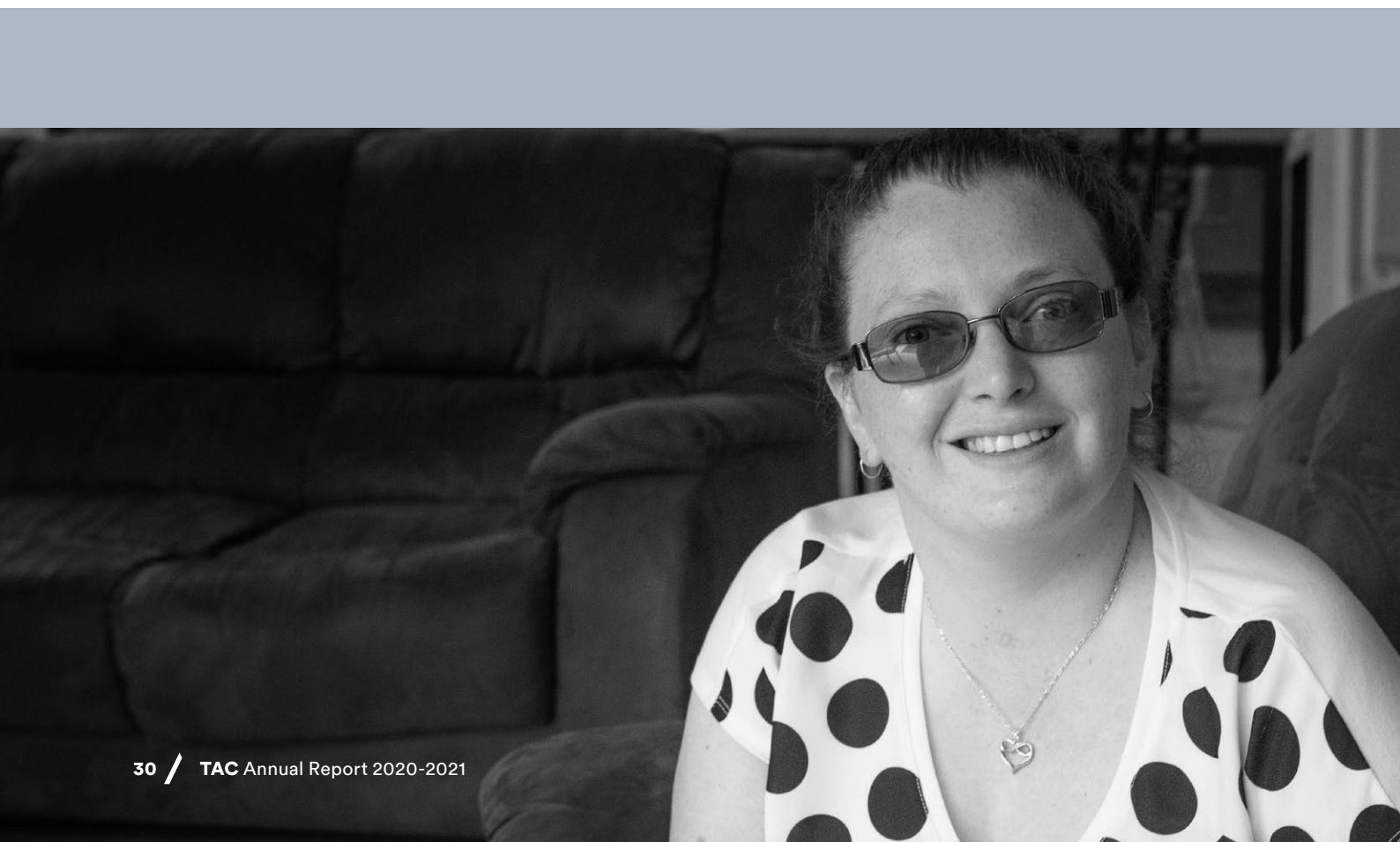
In an effort to deliver contemporary and fully accessible housing for TAC clients requiring specialised support, and in the absence of market based options, the TAC decided in 2010 to build specialised housing through the fully TAC-owned Residential Independence Pty Ltd (RIPL) program.

More recently, the TAC has also recognised that unstable and unsuitable housing can have a detrimental effect on all clients' ability to get their lives back on track after a transport accident, regardless of the severity of their injuries.

Without stable and accessible accommodation, all TAC clients face barriers to independence, social and economic participation and sustainable support arrangements.

During 2020, the TAC re-examined our strategic approach to client housing and identified the importance and potential benefits of partnering with other government and community housing organisations. By doing this we can improve access to affordable and accessible housing, along with diversifying the use of existing RIPL properties and enhancing the TAC's focus on housing in terms of how we support clients.

In November 2020, the Victorian Government announced their \$5.3 billion Big Housing Build initiative to construct more than 12,000 new homes throughout metropolitan and regional Victoria. The investment will deliver 9,300 new social housing homes and 2,900 new affordable and low-cost homes.

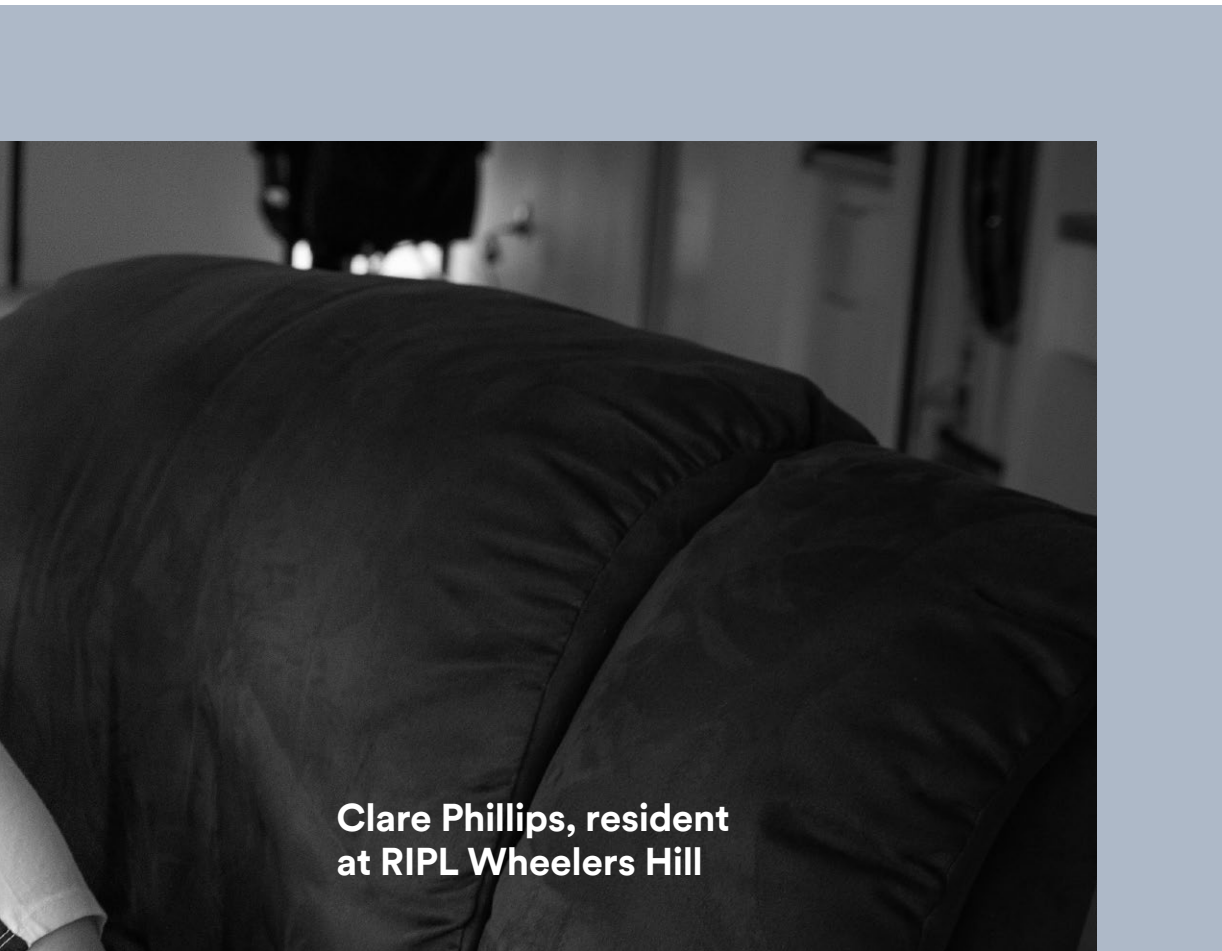


In April 2021, the TAC made a submission towards the creation of a 10-Year Victorian Government Strategy for Social and Affordable Housing. This process, being overseen by Homes Victoria, aims to ensure all Victorians have access to safe, affordable and appropriate housing, and as a key player in disability accommodation, it was imperative the TAC contribute to the discussion.

The TAC submission to the 10-Year Strategy for Social and Affordable Housing discussion paper identified four critical features in the development and success of disability housing including; housing location and design, client engagement through the design, building and transition process and benefits of incorporating assistive technologies.

Over the course of 2021, the TAC has engaged with Homes Victoria to discuss our respective priorities and identify partnership opportunities that will deliver shared benefits. Ongoing discussions have identified a potential opportunity for TAC to partner with Homes Victoria in developing a minimum standard of design and possible co-investment in affordable and accessible housing in Victoria. TAC's significant research investment in accessibility and design and experience with the RIPL Program positions the TAC as a strong partner. In addition to co-design for accessible housing, the TAC has an opportunity to work with Homes Victoria on policy to reduce barriers to eligible TAC clients accessing social and affordable housing.

The TAC is committed to our ongoing Client Housing Strategy as we support our clients to access the right housing, in the right location, at the right time to help facilitate their independence and get their lives back on track.



**Clare Phillips, resident
at RIPL Wheelers Hill**

Research and Innovation

Ageing with Lifelong Injuries Project

Australia's ageing population means an increase in older TAC clients, as well as clients who are living longer with injuries. But disentangling the effects of a transport accident injury from the effects of ageing is often difficult. Our Ageing with Lifelong Injuries Project aimed to better identify, prevent and manage age-related degenerative conditions in our client base.

This research involved two components; a systematic review of academic literature and an environmental scan of current practice based literature. After this, a series of 16 qualitative interviews with key stakeholders. Two separate groups of people were identified in this report – those ageing with injury, who may experience accelerated ageing, and those who are older at the time of injury, whose pre-existing conditions may limit or delay their recovery.

A number of risk factors for age related degenerative conditions were identified in people with spinal cord injury (SCI) and traumatic brain injury (TBI), including older age, comorbidity and greater injury severity. The research highlighted a deficiency of injury-specific aged care providers in the community and the need for further research into the social and financial merits of the TAC providing more prolonged, and individualised, support.

Better supports for rural and remote clients

With almost a third of people who sustain major trauma from road accidents living in rural and remote areas, the TAC partnered with Monash University to gain a better understanding of the current capacity and capability of non-metropolitan services to support clients with major trauma to get their lives back on track.

The investigation had two primary objectives; firstly, to develop a map detailing the availability of critical services for the management of major trauma injuries across rural and remote Victoria and to clearly articulate where gaps in service delivery, and secondly, to identify evidence-informed service models and/or interventions to connect metropolitan service providers to rural and remote areas.

Findings from the project demonstrated that major trauma survivors in rural areas experience numerous challenges accessing quality specialist rehabilitation health services, particularly in Gippsland and Grampians regions. Participants reported significantly more unmet needs compared to their metropolitan counterparts, particularly in emotional and mental health, thinking and behaviour and social participation. Rural rehabilitation clinicians reported reduced confidence and capacity to provide these rehabilitation services to major trauma survivors.

Based on current study findings, the following four key recommendations were identified as demonstrating potential to improve rehabilitation services for rural major trauma survivors:

- 1. Creation of a searchable directory of available rehabilitation health services for major trauma survivors in rural areas**
- 2. Development and implementation of a pilot interdisciplinary telerehabilitation service**
- 3. Telementoring for rural clinicians working with major trauma clients**
- 4. Supporting rural major trauma survivors to self-manage their needs.**

Longitudinal Head Injury Outcome Study

The TAC more than 4,000 clients living with a brain injury, as a result of a vehicle accident and invests considerable time and resources in research that is aimed at building our knowledge and improving their lives.

One of the most important pieces of research currently underway is the Longitudinal Head Injury Outcome Study, conducted by Monash-Epworth Rehabilitation Research Centre (MERRC) and supported by the TAC since 1995.

Due to end in December 2021, the study is following a large cohort of TAC clients who have sustained

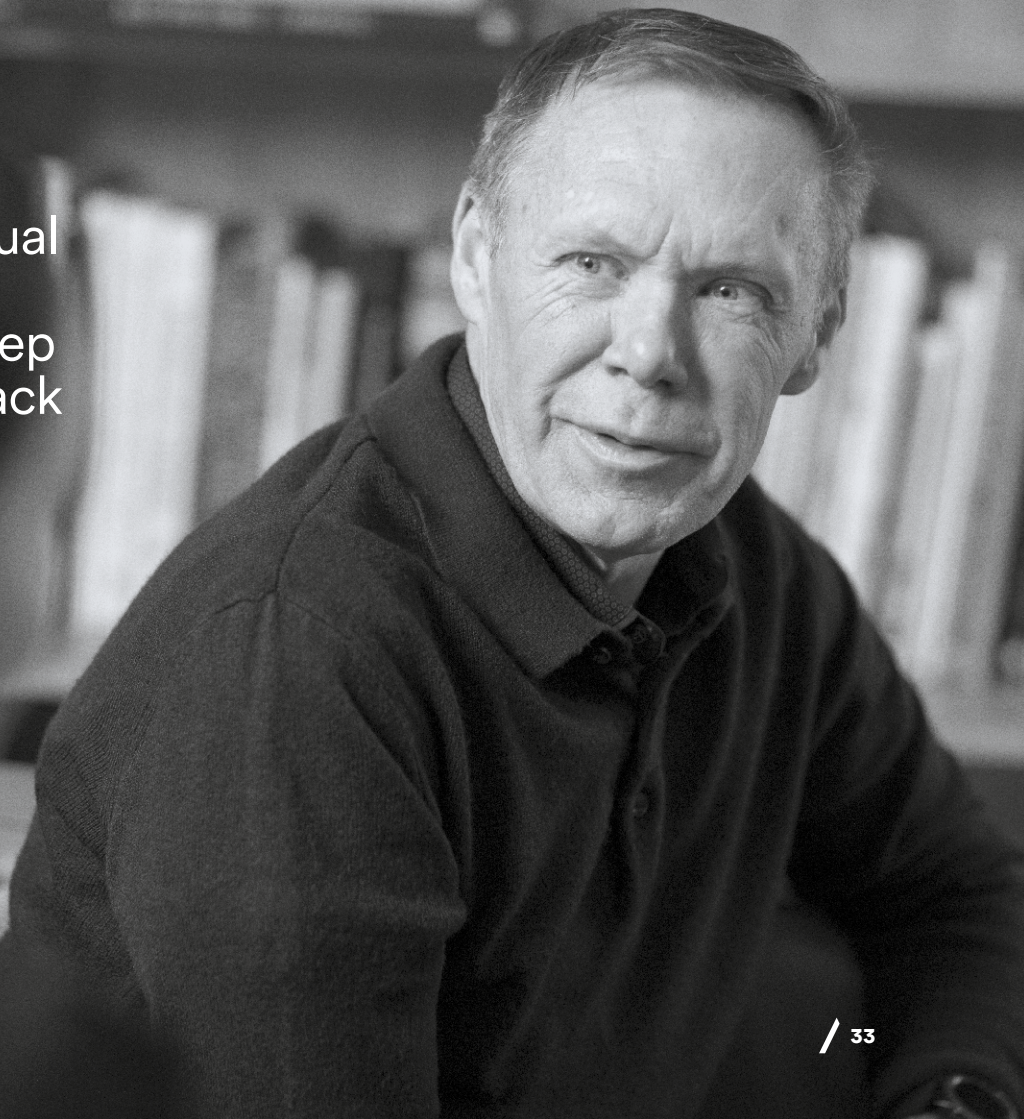
moderate to severe Traumatic Brain Injuries (TBI) over the 30 year period with the aim of providing a comprehensive picture of the post-injury changes experienced and impacts on individuals and their families.

With 3000 patients in the database, it is one of the largest and most comprehensive databases worldwide.

“

It's been quite a journey with gradual improvements over time. Next step is for me to get back to teaching.”

Scott, TAC Client



Alfred Hospital partnership

The Alfred Hospital is home to the busiest trauma service in Australasia and has one of the largest and most advanced intensive care units in the region. Recognised as an international leader in trauma and critical care, The Alfred's Trauma Service is synonymous with ground-breaking research and innovation, world-leading outcomes in the delivery of patient care, and a proactive leadership role in training and education. The Service treats the majority of Victoria's major trauma patients, with over 8000 trauma admissions per year, this includes many seriously injured TAC clients.

In 2018, the TAC provided funding to redevelop the 5th floor of the Main Ward Block to create a specialised inpatient ward – The Alfred's first, purpose-built facility dedicated to the early recovery of trauma inpatients.

The ward and bed expansion provided additional capacity and the opportunity to create a contemporary acute rehabilitation model of care to trauma patients which could shape future service provision across State, National and International Trauma Services. Since its opening, the TAC's Health, Disability & Compensation (HD&C) Research Team has continued to work collaboratively with Alfred staff to develop a new comprehensive model of trauma care which will provide early, intensive, active patient care across a range of disciplines, implemented 7 days a week, 365 days a year.

A final evaluation of this partnership and its benefits is due to be provided to the Research Team in September 2021.

Evaluation function and program logic

Program logic and evaluation are critical components of the TAC's relaunched Benefits Realization framework. Program logic gives the business clarity about the initiatives it delivers while evaluation provides insights into the value our initiatives deliver for our clients and the scheme. Over the last 12 months, the evaluation function developed 10 program logic maps with business stakeholders, and supported or undertook evaluation of 10 initiatives that were conducted across the business.

Telehealth has been an important area of focus. Since it was first introduced in March 2020 the business has closely monitored how clients and providers are using this healthcare delivery mode. This included tracking how often our clients and providers use telehealth for different health services, as well as surveys of their experience. To help us understand the long term effectiveness of telehealth delivered in combination with face-to-face healthcare delivery, the TAC has commissioned further external evaluation, in which groups of TAC clients will be followed up across 12 months. These projects are due to be completed in 2022.

In addition, a synthesis of 34 evaluation activities was undertaken in 2020–2021 to understand the value of the TAC's Supported Recovery claims management model. This work identified key achievements of the model since it commenced in December 2018 and areas of opportunity for improvement to ensure we continue to support our clients get their lives back on track.

Child and youth evaluation

Children and youth recovering from transport accidents have specific needs centred around development, family function and return to education. To address these needs, in 2019 a new TAC Child, Youth and Families team was introduced into our Supported Recovery program. Initial evidence suggests this new model shows positive results in providing more family-centred and tailored responses to help young clients and their families, delivered by a highly capable and functioning team. While more time is required for a comprehensive evaluation of the model, claims were shown to be more proactively managed before clients moved to intense support. The evaluation highlighted key opportunities to further enhance the TAC's approach to this important cohort of clients.

Common Law and Impairment

The TAC and the Victorian legal fraternity have, over two decades, forged an enviable relationship of trust from a mutual determination to deliver the best possible outcomes for our shared clients.

The importance of this union, formalised under our internationally recognised TAC common law Protocols, was never more evident than in that past 12 months when the COVID-19 pandemic continued to challenge traditional approaches to delivering compensation and care.

All key stakeholders – the TAC, plaintiff solicitors and the Courts – worked in a spirit of unprecedented collaboration to ensure common law processes, including our Protocol serious injury and settlement conferences continued through virtual conferencing and court hearings.

The Protocols, established in 2005 (and updated in 2016) by the TAC, the Australian Lawyers Alliance and the Law Institute of Victoria, demonstrate how traditional combatants such as a social insurer and the plaintiff community can achieve positive results to get our clients' lives back on track as quickly as possible.

In January 2021, this relationship was further strengthened with the formalisation of our new Supplementary Protocols, delivering a more proactive, less hostile, fairer and faster approach to compensation resolutions. Some of the highlights include the ability to fast track serious injury applications, and receive interim common law damages payments.

The Supplementary Protocols also set some procedures in place for the TAC to proactively grant access to common law for clients who are legally represented, and unrepresented. We then guide the unrepresented clients to obtain legal representation to assist them in reaching an appropriate settlement.

Common law

The TAC provides common law entitlements to clients seriously injured in a road accident through no fault of their own.

In 2020–2021, the TAC paid compensation to over 1,168 clients and granted access to 1,790 clients.

The average timeline for delivering common law benefits was further reduced to 13.4 months. The total cost of common law settlements was \$400.876 million.

Impairment

The TAC pays Impairment benefits to clients who have sustained permanent physical or psychological injuries in a transport accident, regardless of who was at fault.

In 2020–2021, the TAC made more than 2,400 impairment resolutions.

These results, during the COVID-19 pandemic, demonstrate our determination to remove barriers that might otherwise prevent severely injured Victorians from accessing the financial support they need to get their lives back on track.

“

In my early days of practice it was very much a situation that everything was quite antagonistic. Everything was litigated. A client would have to prove themselves through absolutely every aspect to justify any type of support or medical treatment.

The change over recent years of taking a more holistic approach, I think is of great benefit to clients. I think it recognises the fact that it's not just an injury, that there are other factors that play into a person's capacity for recovery. So the Protocols are just an amazing process for resolving matters quickly...

Geraldine Collins
Principal Lawyer
Maurice Blackburn

Resolving Disputes and Complaints

Complaints

The TAC takes complaints and feedback seriously; formal complaints are directed to the TAC's Complaints Office for management and resolution. Matters may include enquiries to the Chief Executive Officer and the Victorian Ombudsman. In 2020–2021 the TAC received 812 formal complaints. This is up from 562 formal complaints received in 2019–20. In response the TAC has renewed its focus on delivery against our customer service standards, with particular emphasis on accessibility and responsiveness.

Model Litigant

The Model Litigant Guidelines provide principles by which Victorian Government agencies must follow before, during and after litigation. The Guidelines require an agency to act fairly and consistently to avoid litigation, pay legitimate claims promptly and to minimise legal costs. The TAC is committed to the Victorian Government Model Litigant Guidelines.

Within the 2020–2021 year, the TAC received three Model Litigant complaints. It was determined that no breach had occurred.

Informal reviews

There were 707 requests for an Informal Review and 25 Notices of Intent (NOI) to dispute a decision lodged by clients in the 2020–2021 financial year. This compares to 822 and 18 respectively the previous year.

The median time to resolve informal reviews was 30 days compared to 48 days last year.

Approximately 89 percent of informal reviews were finalised within four months, which is an improvement on last year at 79 percent.

No Fault Dispute Resolution Protocols

No Fault Dispute Resolution Protocols (The Protocols) were implemented in 2005 in collaboration with legal stakeholders. They provide an alternative dispute resolution process to the formal disputation process at VCAT. The Protocols aim to reduce the time and cost needed to resolve disputes about TAC decisions.

The TAC continues to work with the legal community to negotiate improvements in the dispute process to achieve better outcomes for clients.

In 2020–2021, the total number of dispute applications lodged pursuant to The Protocols was 1,632, compared to 1,197 in 2019–2020.

Merit reviews

In September 2014, section 77(1A) of the *Transport Accident Act 1986* was inserted. The legislation now allows an applicant three months from the conclusion of the No Fault Dispute Resolution Protocols (The Protocols) to lodge an application for merit review with VCAT. For applicants who have not participated in the dispute resolution protocols under The Protocols, a merit review application must be lodged within 12 months of the date of the decision.

A total number of 276 merit review applications were lodged with VCAT in 2020–2021, compared to 243 in the previous year.

Reducing Fraud

The TAC utilises a comprehensive toolkit of analytical methods, intelligence gathering and reporting techniques to identify potential fraud and claim anomalies.

To disrupt fraud and change outlier client and provider behaviour across the scheme the following enforcement action was taken during 2020–2021:

- The TAC's Prosecutions and Enforcement Committee has approved 50 criminal briefs of evidence to be dealt with through the Magistrates Court.
- There are nine cases where warrants are outstanding where the TAC is seeking to recover \$387,510.
- Thirteen cases have been finalised with a registered plea of guilty with the TAC awarded a total of \$293,119 in restitution.

Cases that have not met the prosecution threshold are dealt with through the TAC's principal means of achieving prompt voluntary compliance. Nineteen warning letters were sent for breaches of the Act relating to fraud and providing false information to the TAC by clients, medical and service providers, incorporating demands for reimbursement.

During the pandemic, the Forensics Group has continued to be proactive and collaborate with members of the Australian and New Zealand Interagency Fraud Association (ANZIFA) community.

Billing Review Program

During the 2020–2021 financial year, the TAC maintained ongoing efforts in the continuous proactive monitoring of service provider billing behaviour, which was supplemented by internal business referrals and information received from the public.

The program focuses on ensuring the invoicing supplied by service providers and the subsequent payments made are an accurate reflection of the services that have been provided to the TAC clients. For this reporting period, continuous monitoring activities and reviews were undertaken on more than 250 providers across a broad range of disciplines.



Our People

“

I feel well supported during the pandemic to keep doing my job effectively and maintaining connection with my team and the broader organisation. We have been responsive in implementing new technologies and processes so that I can work anywhere.”

Sarah, TAC staff member

Supporting our People During a Global Pandemic

Our people spent the vast majority of 2020–2021 working remotely in line with government restrictions. This required the TAC to provide new levels of support to our people, both to ensure everyone could do their jobs remotely, and to support people's wellbeing.

Health, safety and wellbeing

The health, safety and wellbeing of our people during the ongoing COVID-19 pandemic was front of mind for the TAC in 2020–2021, with offerings tailored to meet flexible, and at times uncertain ways of working – both remotely and within the office.

There has been considerable focus in the past 12 months on ensuring employees felt supported in working from home with technology, equipment and resources that were ergonomically safe and enabled them to work efficiently. We also expanded and virtualised our Health, Safety and Wellbeing offerings, such as online sessions and information about maintaining physical and mental wellbeing.

Through our Employee Assistance Program (EAP) and team and enterprise-wide wellbeing sessions, we also sought to ensure our workers felt connected and were equipped to cope with the challenges of remote working.

Technology, training and development

In response to COVID-19 restrictions, the TAC supported our people to work productively from home by focusing on providing the necessary infrastructure and supporting them to develop new capabilities.

In 2020 we met our staff's technology needs early, rolling out Skype for Business and Zoom across our organisation and migrating 1,100 people to Microsoft Outlook. This year, we have added to that by:

- Deploying Microsoft Teams to all staff to enable easy connection and collaboration
- Utilising softphones so staff can make calls over the internet using their personal device
- Launching an electronic booking system that allows staff to book a desk at any TAC office
- Installing AV equipment in all workplace meeting rooms to support video conferencing.

In addition to the technology and infrastructure our people needed to work remotely, we recognised areas where our people could learn new skills to bolster remote working.

Setting up for success

At the TAC, we've recognised that this pandemic is an opportunity to make changes that allow us to deliver even better outcomes for our clients and the Victorian community, as well as a better experience for all of our staff members.

As a progressive company that embraces evolution, we are moving to a hybrid working model that will set us up for success, now and into the future.

Our People

Setting our people up to succeed in the future

2020–2021 has showed us what is possible and we want to take what we've learnt to re-imagine the way we work, so we can deliver even better outcomes for our clients and the community.

In the past 12 months we have been building a hybrid working model that will combine the best parts of working in the office, with the great things we've all learnt about working remotely. It's a model informed by our people, clients and business needs, and aligns with the direction of the Victorian Public Service.

Our goal is to maximise productivity, culture and wellbeing in a way that enables our people to do their best work.

And in the last year we have started work on building a resilient and contemporary workforce that is enabled, capable and empowered to deliver, wherever we are. This long-term program of work incorporates three areas of focus: people, technology and workplace.

People

The TAC has an engaged workforce. Our people care about the work we do in supporting those injured on our roads and promoting road safety. Moving to a hybrid model offers benefits to our staff, but it also means we need to re-evaluate all aspects of our employee experience to ensure our people continue to feel equipped and empowered to do their best work.

On this front, we've already started to deliver, with a focus on building the capabilities people have needed to work remotely over the past 12 months, as well as their health, safety and wellbeing.

Continuing to understand what capabilities our people need to work in a hybrid model and building those skills will be at the centre of our ongoing work to enable staff to work in a hybrid way.

Technology

Investing in reliable and integrated technology is the backbone of our hybrid working model, supporting us to work effectively from anywhere. Over the past 12 months, we have already rolled out a range of new technologies to help our people do their jobs from anywhere.

This is not just about connecting our people within the organisation. It's also about enabling our people to connect effectively with those outside of our organisation. This includes clients, health providers, government bodies, community partners, legal representatives and court rooms.

Workplace

The office will always be an important part of the way we work at the TAC. Working face-to-face helps us innovate, collaborate and solve problems, as well as build better relationships, support new team members and connect socially. This is why regular face-to-face connection in the office will continue to be a significant part of our working week.

As a major Geelong employer, we're also conscious of our role in bringing people back into the Geelong CBD and contributing to the local economy.



Health, safety and wellbeing

Our Health, Safety and Wellbeing Strategy commits to making employees our number one priority because we know that a workforce that feels protected and valued is more productive and engaged.

Highlights in 2020–2021 included:

Health, Safety and Wellbeing Strategy

Launched in 2020, the TAC's HSW Strategy has been important in guiding our initiatives and shaping a culture where health and wellbeing is the top priority. The strategy's mission is to 'Foster a culture where we value the life and health of one another, in order to create an environment for our people to thrive'.

The four priority areas of the strategy are mental and physical health of our people, risk management, leadership capability and people focused systems and tools. At its core are three key principles:

- 'We are proactive',
- 'We are accountable', and
- 'We are transparent'.

Healthy Mind Body Living Portal

The wellbeing portal boasts 859 active accounts – more than two thirds of the TAC workforce – and is the TAC's central point for a wealth of information and resources for employees to maintain personal and professional health and wellbeing. The portal also includes a Virtual Fitness Platform made up of a variety of sessions to support the physical and mental health of employees in the comfort of their own home.

Employee Assistance Program

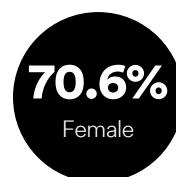
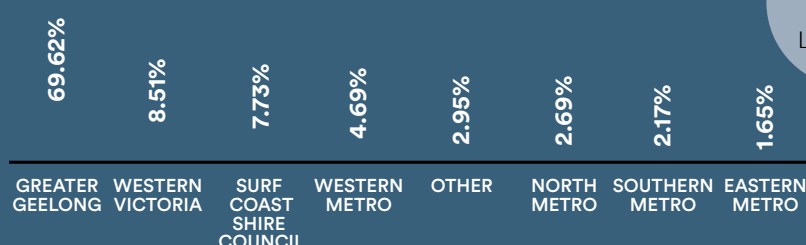
This program provides confidential 24/7 support to prevent and deal with challenging times in an employees personal and/or professional life. Immediate family members are also afforded this support service.

HSW Maturity

The TAC has adopted Ernst & Young's (EY) HSW Maturity Model to review and assess HSW growth and development across the organisation. Assessments are conducted annually and the TAC is provided a result about the HSW growth year on year. The Maturity Model is made up of seven components which include Strategy, People, Leadership and Governance, Assurance and Reporting, Risk and Opportunity, Systems and Structures and Digital Technology. The HSW Maturity Assessment for this financial year provided the TAC with the best result yet and confirmed the TAC's HSW Maturity is well established, with HSW Leadership and Governance being assessed as 'advanced'. The TAC's management of the HSW of our people during the COVID-19 remote working pandemic was assessed by EY as best in class when compared to other organisations.

Workplace Data	2020	2021
Total number of employees – head count (hc)	1,108	1152
Total number of employees (FTE)	1,016	1067.4
Males (hc)	323	339
Females (hc)	785	813
Full time (hc)	785	849
Part time (hc)	323	303
Average age	42	42

Workforce Origin



Our People

Developing our people

Over the past 12 months, the Learning and Organisational Development Branch has converted 40 training programs (existing and new) so they can be delivered virtually to meet the needs of employees in a remote working environment. Employees rated the programs highly.

Highlights

- ▶ **158 new employees were virtually welcomed to the TAC via our Orientation program.**
- ▶ **Around 100 leaders attended 'Leader Forums', supporting leaders to stay safe and well, engage our people and remain connected and informed.**
- ▶ **60 leaders participated in "Leading Teams in Uncertain Times" workshops.**
- ▶ **33 new and emerging leaders completed the Team Leader Development Pathway.**
- ▶ **65 employees participated in online workshops on skills to navigate challenging times.**
- ▶ **319 employees participated in priority Health, Safety and Wellbeing training on maintaining good mental health.**
- ▶ **Functional Training had 1,564 participants attend their sessions empowering our people to excel in their roles.**

In addition to formal training, we also saw our people participate in self-directed learning:

- 371 employees utilised our learning systems
- 3,484 learning materials were accessed.

Employee Opinion Survey and Pulse Checks

The TAC has an active employee listening strategy that provides different moments for our people to share their ideas and opinions on their experience of working at the TAC.

Pulse surveys

The TAC has run two pulse surveys in 2020–2021. In November 2020 the TAC surveyed employees to check on their wellbeing, their remote working experience and also understand their preferences for how they want to work in the future. More than 80 per cent of employees participated, with the results providing a good indicator of people's wellbeing and their sentiments about the way we work in the future.

In April 2021, as part of a broader engagement campaign about workplace flexibility, the TAC ran a small wellbeing pulse survey with just over half the organisation participating. As expected, the prolonged COVID-19 experience saw drops in energy and enthusiasm for our people. The organisation was able to respond with an increased focus on HSW supports.

As part of the RE:WORK Program, a range of employee listening activities and pulse checks on specific topics such as workplace experience have been delivered. This has enabled an employee centred approach to designing people initiatives that will support the transformation of our workforce to an effective hybrid model.

Annual EOS

Each year TAC employees are invited to participate in the Employee Opinion Survey (EOS), which consists of a series of questions about working within our organisation. One of the key categories of measurement is Sustainable Engagement – which encompasses the engagement, enablement and energy of our workforce. Our most recent (June 2021) sustainable engagement score was 76 per cent. This result remains above the Australian norm for similar workplaces. In what has been a very challenging year for all in the community as we grapple with COVID-19, this result demonstrates the strong engagement of our people and their commitment to deliver on the TAC's strategic priorities. Through this latest survey, we have gained great insight into the experience of our people at work and will identify opportunities to enhance this as we journey forward.

Diversity and inclusion

We promote a workplace that actively seeks to include, welcome and value unique contributions of all people and is committed to diversity and social inclusion in our employment practices.

Inclusion

The TAC has embarked on an important journey to achieve greater diversity in its workplace, and in doing so, become an employer of choice for people from diverse backgrounds.

We are doing this as part of our commitment to provide a more supportive, equitable and inclusive environment that celebrates differences and leverages the benefits that greater diversity can deliver to our organisation. We know that creating a more accepting culture – one that is more reflective of the broader community – makes all employees feel valued, improves connectedness and allows all employees to thrive.

In August 2020, as part of this process, the TAC conducted its first inclusion review, which included participation of 154 employees from all demographic backgrounds and at all levels across the business.

Qualitative and quantitative data was collected from interviews with the Executive Leadership Team members, focus groups and surveys. Participants responded to questions about their experience, observations and perspectives of working at the TAC.

The outcomes of the review will drive initiatives that will provide the most leverage and have the most impact on:

- Leadership and accountability by demonstrating the TAC's commitment to diversity and inclusion and the accountability for modelling inclusive practices

- Systems and structures by ensuring systems and processes are aligned, transparent and consistently implemented to ensure equity in opportunity
- Capability and awareness to ensure a safe and inclusive workplace that values diversity and empowers all employees to speak up and contribute.

Gender equality

The *Victorian Gender Equality Act 2020* (the Act) commenced on 31 March 2021, resulting in the establishment of the Public Sector Gender Equality Commission.

The Act sets out obligations and timelines for all Victorian Public Entities to take positive action towards achieving workplace gender equality and to consider how they might promote gender equality in their policies, programs and services.

The TAC's obligations include:

1. Develop and implement a Gender Equality Action Plan to include:
 - Results of a workplace gender audit
 - Strategies for achieving workplace gender equality.
2. Publicly report on progress in relation to workplace gender equality.
3. Promote gender equality in policies, programs and services that impact the public.
4. Complete gender impact assessments.

This work is underway, with a first Gender Equality Action Plan and Workplace Gender Audit to be submitted with the Commission by 31 October 2021.

We are committed to engaging our workforce and driving progress of equality at the TAC.

Disability Action Plan

One in five Australians now lives with disability. However a lack of awareness, exposure and understanding can cause people with disability to be overlooked for employment opportunities.

As a prominent player in the Victorian disability sector, the TAC takes its obligation to lead by example very seriously. We consistently review and seek to improve our policies, processes and procedures to ensure we provide genuinely equal opportunities for employees and candidates with a disability.

Reflecting our commitment in this space, the TAC recently became a Disability Confident Recruiter – a program that commits our organisation to promoting a wider talent pool and to actively removing barriers that may preclude candidates with a disability from applying for roles.

Other achievements in the past year include:

- A re-assessment of our TAC Traineeship program to provide a greater focus on trainees with disability,
- An update to our Reasonable Adjustment policy to better support people with disabilities, and
- The commencement of a partnership with disability employment agency Job Access, to develop strategies for increased disability employment at the TAC.



Managing the Scheme

The TAC's objective

The TAC's objective is to ensure the agency's activities contribute to the TAC remaining financially sustainable.

Insurance funding ratio

The TAC recorded an insurance funding ratio of 161.7 per cent as at 30 June 2021, which was considerably stronger than both budget expectations and last year's result of 137.1 per cent.

Operating results

In 2020–2021, the TAC recorded a net operating profit of \$2,475.5 million. This outcome was largely driven by a reduction in claims incurred costs, strong investment returns and an increase in the discount rate assumptions as identified by the TAC's independent actuaries, PricewaterhouseCoopers.

The reduction in claims costs is a result of the significant impact of the TAC's scheme performance initiatives which has seen the agency working closely with stakeholders to address the rising claims costs, strengthen controls and ensure that only services that can demonstrate better client outcomes are supported.

Also during the year, the TAC continued to invest in road infrastructure treatments as part of the TAC's \$1.4 billion commitment to the Victorian Road Safety Strategy. The TAC funded a total of \$191.6 million (2020: \$235.9 million) in road safety treatments, carried out by the Department of Transport.

While the TAC has reported a negative net asset position at 30 June 2021, it has been determined that the going concern assumption remains appropriate as the TAC has generated positive cash flows for the year and will continue to do so over the foreseeable future.

Investment returns

The TAC experienced an overall investment return of 16.1 per cent in 2020–2021. This was driven by the recovery in the markets, following the COVID-19 sell-off in the previous financial year and represents a significant turnaround from the 0.7 per cent achieved in 2019–2020. Over the ten-year period to June 2021, the TAC fund returned an average 9.4% per annum. This average annual return was higher than benchmark and the TAC's rolling ten year investment objective return of CPI plus 5 per cent.

Transport accident charge

The annual indexation of transport accident charges, which increases in line with CPI, was suppressed for 2020–2021. This was part of the broader governmental response to the COVID-19 pandemic, with state government fees and charges generally held steady for 2020–2021. The TAC also covers people injured in train and tram accidents with charges paid by the railway and tramway managers to fund these claims. Transport accident charge levels for both railways and tramways are set following a review of claims experience by independent actuaries.

Financial Report

for the year ended 30 June 2021

Statement by

The Chair, Chief Executive Officer and Chief Financial Officer

We certify that the financial report of the Transport Accident Commission has been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to and forming part of the financial statements, present fairly the financial transactions for the year ended 30 June 2021 and the financial position of the Transport Accident Commission as at that date.

We are not aware of any circumstances which would render any particulars included in the financial report misleading or inaccurate.

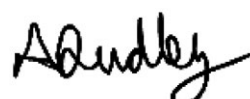
We authorise the financial report for issue on 26 August 2021.



Greg Wilson
Chair



Joe Calafiore
Chief Executive Officer



Tony Dudley
Chief Financial Officer

Independent Auditor's Report



Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of the Transport Accident Commission

Opinion	<p>I have audited the financial report of the Transport Accident Commission (the Authority) which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 30 June 2021• comprehensive operating statement for the year then ended• statement of changes in equity for the year then ended• cash flow statement for the year then ended• notes to the financial statements, including significant accounting policies• Statement by the Chair, Chief Executive Officer and Chief Financial Officer. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the Authority as at 30 June 2021 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the Authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Key audit matters	<p>Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.</p>

Key audit matter	How I addressed the matter
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Valuation of investment assets and investment related liabilities

Refer to Note 4.2 of the financial report for the accounting policy associated with the valuation of investment assets and related liabilities and Note 7.3 of the financial report for the methods and assumptions applied by management in valuing investment assets and related liabilities.

Investment assets: \$17.7 billion	My key procedures included:
Investment related liabilities: \$315.8 million	<ul style="list-style-type: none"> gaining an understanding of key controls over the outsourced arrangement, and assessing and testing their operating effectiveness
I considered this to be a key audit matter because:	<ul style="list-style-type: none"> obtaining reports provided by the independent assurance auditor and: <ul style="list-style-type: none"> assessing the adequacy of the scope of work agreed between management and the independent assurance auditor assessing the professional competence and independence of the independent assurance auditor in the context of the engagement evaluating findings provided in the independent assurance reports relying on the assurance reports to confirm the description, design and operating effectiveness of controls at the fund manager and master custodian relying on the assurance reports to confirm the existence, valuation and rights and obligations of investment assets and derivative liabilities at 30 June assessing the impact of any limitations, disclaimers or exceptions noted in the assurance reports on the audit.
<ul style="list-style-type: none"> investment assets and related liabilities are financially significant there are several types of investment assets and related liabilities with varying observable and unobservable inputs impacting how and when they are valued sufficient and appropriate audit evidence may not be present for the valuation of some investment assets and related liabilities. This includes those with stale investment prices at reporting date and/or those which are subject to significant estimation uncertainty the performance of financial markets fluctuated over the period impacting the value of investment assets and related investment related liabilities the management of investment assets and related liabilities is outsourced to a fund manager and a master custodian extensive disclosures are required by Australian accounting standards which are critical to the users understanding of the valuation of investment assets and related liabilities. 	<ul style="list-style-type: none"> reviewing and assessing the impact of other representations given by the fund manager and master custodian analysing investment assets and related liabilities, in conjunction with management, to identify those where issues may exist in obtaining sufficient and appropriate evidence over their valuation, then obtaining further audit evidence that the value of identified assets and liabilities were materially correct. assessing the completeness and adequacy of financial report disclosures against the requirements of Australian accounting standards.
Management engaged an independent assurance auditor to report on the:	
<ul style="list-style-type: none"> description, design and operating effectiveness of controls at the fund manager and master custodian existence, valuation and rights and obligations of investment assets and related liabilities at 30 June. 	

Key audit matter	How I addressed the matter
Valuation of outstanding claims liability	
Refer to Note 2.2.3 of the financial report for the value of the outstanding claims liability and Note 2.2.4 of the financial report for the actuarial assumptions and methods applied by management in valuing the liability.	
<p>Outstanding claims liability - \$20.1 billion</p> <p>I considered this to be a key audit matter because:</p> <ul style="list-style-type: none"> the outstanding claims liability is financially significant the underlying model used to value the liability is complex the valuation of the liability is subject to significant management assumptions and estimation uncertainty a small adjustment to a key assumption may have a significant effect on the total value of the liability extensive disclosures are required by Australian accounting standards which are critical to the users understanding of the valuation of this liability. <p>Management engage actuaries to value the liability as at 30 June.</p>	<p>My key procedures included:</p> <ul style="list-style-type: none"> assessing and testing the operating effectiveness of key controls supporting the underlying claims data used in the model assessing the completeness and accuracy of the claims data used in the model by reconciling this data to underlying claims data in the insurers systems obtaining management's actuarial reports, and engaging an appropriately qualified independent actuary to: <ul style="list-style-type: none"> assess the appropriateness of management's selection and application of the methods, significant assumptions and data used in valuing the liability assess the appropriateness of the model used to value the liability challenge the reasonableness of key assumptions by comparing against claims history and accepted industry benchmarks assess the reasonableness of the reported liability value. assessing the adequacy of financial report disclosures against the requirements of applicable Australian accounting standards.
Board's responsibilities for the financial report	<p>The Board is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

**Auditor's
responsibilities
for the audit
of the financial
report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

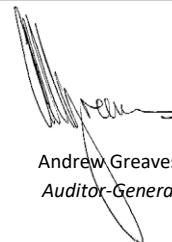
- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Independent Auditor's Report

Auditor's responsibilities for the audit of the financial report (continued)	From the matters communicated with the Board, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. I describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
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MELBOURNE
6 September 2021



Andrew Greaves
Auditor-General

How this report is structured

The Transport Accident Commission (TAC) has pleasure in presenting its audited general purpose financial statements for the financial year ended 30 June 2021, providing users with the information about the TAC's stewardship of resources entrusted to it. It is presented in the following structure:

Financial statements	Comprehensive Operating Statement	55
	Balance Sheet	56
	Statement of Changes in Equity	57
	Cash Flow Statement	58
Notes to the financial statements	1. About this report	59
	The basis on which the financial statements have been prepared and compliance with reporting regulations	
	2. Road Safety and Clients' Lives Back on Track	60
	Expenditure incurred in prevention efforts and supporting injured Victorians	
	2.1 Road Safety	
	2.1.1 Marketing and road safety	
	2.1.2 Safe system road infrastructure	
	2.2 Clients' Lives Back on Track	
	2.2.1 Health, compensation and disability research	
	2.2.2 Net claims incurred	
	2.2.3 Claims	
	2.2.4 Actuarial assumptions and methods	
	2.2.5 Insurance contracts – risk management policies and procedures	
	3. Collection of premium revenue	70
	Revenue recognised in respect to the collection of premiums	
	3.1 Net premium revenue	
	3.2 Deferred acquisition costs	
	3.3 Unearned premiums	
	3.4 Unexpired risk liability	
	4. Investment portfolio	72
	Investment strategy and portfolio	
	4.1 Net investment income	
	4.2 Investments	
	4.3 Cash and cash equivalents	

How this report is structured

Notes to the financial statements	5. Cost of operations	76
	Operational activities	
	5.1 Administration costs	
	5.2 Superannuation	
	6. Taxation and shareholder transactions	77
	Items subject to taxation and transactions with shareholders	
	6.1 Income tax	
	6.2 Deferred tax	
	7. Financial instruments	79
	Financial risk management and fair value determination	
	7.1 Financial risk management	
	7.2 Offsetting financial assets and financial liabilities	
	7.3 Fair value – financial assets and financial liabilities	
	8. Other disclosures	87
	Other key disclosures	
	8.1 Responsible persons	
	8.2 Remuneration of executive officers	
	8.3 Related parties	
	8.4 Motorcycle road safety reserve	
	8.5 Commitments and contingencies	
	8.6 Controlled entity	
	8.7 Events after reporting date	
	8.8 Application of standards not yet effective	

Financial Statements

Comprehensive Operating Statement

For the financial year ended 30 June 2021

	Note	2021 \$000	2020 \$000
Premium revenue		1,978,743	1,950,775
Premium collection fees		(40,423)	(28,933)
Net premium revenue	3.1	1,938,320	1,921,842
Unexpired risk liability	3.4(b)	(157,568)	269,340
Gross claims incurred		(208,159)	(1,558,055)
Claims recoveries revenue		13,063	13,026
Net claims incurred	2.2.2	(195,096)	(1,545,029)
Administration costs	5.1	(197,253)	(191,472)
Marketing and road safety	2.1.1	(83,205)	(91,739)
Safer system road infrastructure	2.1.2	(191,564)	(235,898)
Health, compensation and disability research	2.2.1	(7,097)	(5,058)
Underwriting expenses		(479,119)	(524,167)
Underwriting profit/(loss)		1,106,537	121,986
Investment income		2,459,034	148,718
Investment expense		(40,847)	(39,818)
Net investment income	4.1	2,418,187	108,900
Profit/(loss) before income tax		3,524,724	230,886
Income tax benefit/(expense)	6.1	(1,049,187)	(51,491)
Net result for the year		2,475,537	179,395
Other comprehensive income		–	–
Other comprehensive income for the year		–	–
Total comprehensive result for the year		2,475,537	179,395

The above comprehensive operating statement should be read in conjunction with the accompanying notes to the financial statements.

Balance Sheet

As at 30 June 2021

	Note	2021 \$000	2020 \$000
Current assets			
Cash and cash equivalents	4.3	61,424	62,238
Claims receivable	2.2.3	87,693	91,751
Premiums receivable		10,240	13,726
Other receivables		5,129	3,773
Investments	4.2	3,135,409	3,918,651
Deferred acquisition costs	3.2	–	11,089
Other assets		8,386	10,040
Total current assets		3,308,281	4,111,268
Non-current assets			
Claims receivable	2.2.3	857,679	896,355
Other receivables		7	10
Investments	4.2	14,595,517	11,696,754
Controlled entity	8.6	36,600	36,600
Property, plant and equipment		117,745	128,581
Intangibles		46,232	51,811
Deferred tax assets	6.2	1,045,583	2,094,770
Total non-current assets		16,699,363	14,904,881
Total assets		20,007,644	19,016,149
Current liabilities			
Outstanding claims	2.2.3	1,595,826	1,670,869
Unearned premiums	3.3	776,270	782,936
Unexpired risk	3.4	138,280	–
Advance premiums		55,271	42,833
Investment related liabilities	4.2	315,820	586,183
Payables		86,044	130,069
Provisions		35,394	31,436
Lease liabilities		6,928	6,616
Total current liabilities		3,009,833	3,250,942
Non-current liabilities			
Outstanding claims	2.2.3	18,465,598	19,703,285
Provisions		5,184	4,225
Lease liabilities		107,621	113,826
Total non-current liabilities		18,578,403	19,821,336
Total liabilities		21,588,236	23,072,278
Net assets/(liabilities)		(1,580,592)	(4,056,129)
Equity			
Reserves		23,710	20,983
Accumulated surplus/(deficit)		(1,604,302)	(4,077,112)
Total equity		(1,580,592)	(4,056,129)

The above balance sheet should be read in conjunction with the accompanying notes to the financial statements.

The above prior year comparatives have been restated to reflect the investment asset and investment liability balances separately, as opposed to consolidating these balances and reporting them by asset class.

Statement of Changes in Equity

For the financial year ended 30 June 2021

	Motorcycle road safety reserve \$000	Accumulated surplus/(deficit) \$000	Total \$000
At 1 July 2019	17,402	(4,252,926)	(4,235,524)
Total comprehensive result			
Net result for the year	–	179,395	179,395
Other comprehensive income	–	–	–
Total comprehensive result for the year	–	179,395	179,395
Transactions with owners, recorded directly in equity			
Transfer from accumulated surplus to motorcycle road safety reserve	7,742	(7,742)	–
Transfer from motorcycle road safety reserve to accumulated surplus	(4,161)	4,161	–
Total transactions with owners	3,581	(3,581)	–
At 30 June 2020	20,983	(4,077,112)	(4,056,129)
Total comprehensive result			
Net result for the year	–	2,475,537	2,475,537
Other comprehensive income	–	–	–
Total comprehensive result for the year	–	2,475,537	2,475,537
Transactions with owners, recorded directly in equity			
Transfer from accumulated surplus to motorcycle road safety reserve	8,061	(8,061)	–
Transfer from motorcycle road safety reserve to accumulated surplus	(5,334)	5,334	–
Total transactions with owners	2,727	(2,727)	–
At 30 June 2021	23,710	(1,604,302)	(1,580,592)

The above statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements.

Cash Flow Statement

For the financial year ended 30 June 2021

	Note	2021 \$000	2020 \$000
Cash flows from operating activities			
Premiums received		2,188,164	2,165,289
Dividends received		655,148	942,169
Interest received		7,895	27,532
Claims paid		(1,568,087)	(1,524,382)
Claims recoveries received		9,008	10,848
Payments to suppliers and employees		(255,991)	(259,286)
Payments for marketing and road safety projects		(101,701)	(93,902)
Payments for trauma projects and safer road infrastructure expenditure		(264,925)	(263,616)
Goods and services tax paid		(61,228)	(62,096)
Net cash inflow from operating activities	4.3(b)	608,283	942,556
Cash flows from investing activities			
Purchase of investments		(4,085,502)	(5,532,468)
Sale of investments		3,520,891	5,373,676
Funds provided to controlled entity		–	(3,200)
Payments for operating assets		(594)	(1,167)
Proceeds from sale of plant and equipment		638	872
Expenditure on intangibles		(9,967)	(12,074)
Net cash outflow from investing activities		(574,534)	(174,361)
Cash flows from financing activities			
Repayment of lease principal		(9,281)	(9,007)
Net cash outflow from financing activities		(9,281)	(9,007)
Net increase in cash and cash equivalents		24,468	759,188
Cash and cash equivalents at the beginning of the year		2,156,465	1,399,116
Effects of exchange rate changes on cash held in foreign currencies		1,986	(1,839)
Cash and cash equivalents at end of the year	4.3(a)	2,182,919	2,156,465

The above cash flow statement should be read in conjunction with the accompanying notes to the financial statements.

1. About this report

The TAC is a Government-owned enterprise, established under the *Transport Accident Act 1986* to reduce the social and financial cost of transport accident injuries to the Victorian community.

Its principal address is:

Transport Accident Commission
60 Brougham Street
Geelong VIC 3220

For the purposes of this financial report prepared under Australian Accounting Standards, policy refers to the cover provided under the *Transport Accident Act 1986*.

The financial report has been prepared on a going concern basis. While the TAC recorded negative net assets as at 30 June 2021 of \$1,581 million (2020: negative \$4,056 million), it delivered a strong net result for the year of \$2,476 million (2020: \$179 million) and positive cash flows from operating activities of \$608 million (2020: \$943 million). Based on the cash flow projections being positive twelve months from the signing of the financial statements, the Directors have concluded that the going concern assumption of the TAC remains appropriate.

Basis of preparation

This financial report has been prepared on an accruals basis, and is based on historical costs, except for outstanding claims liabilities, recovery receivables, employee leave liabilities (which are reported at present value) and investments and plant and equipment (which are reported at fair value). Cost is based on the fair values of the consideration given in exchange for assets.

The functional and presentation currency of the TAC is the Australian dollar. Amounts have been rounded to the nearest thousand dollars unless otherwise stated.

In the application of Australian Accounting Standards, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Critical estimates and assumptions for the year ended 30 June 2021 include consideration of the COVID-19 pandemic.

Judgements made by management in the application of Australian Accounting Standards that have significant effects on the financial report and estimates with a significant risk of material adjustments in the next year are disclosed in notes 2.2.3, 2.2.4, 6.2 and 7.3 in the financial report.

Compliance information

The financial report is a general purpose financial report which has been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AAS) which include Interpretations, issued by the Australian Accounting Standards Board (AASB).

Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The Assistant Treasurer has determined that the TAC is a “for-profit” entity for the purpose of preparing the financial statements.

The financial report was authorised for issue by the Directors on 26 August 2021.

2. Road safety and clients' lives back on track

Introduction to this section

The TAC has two strategic outcomes: *Road Safety* and *Clients' Lives Back on Track*.

The TAC is dedicated to eliminating road deaths and serious injuries. The fundamental principle of Road Safety is that people's lives are paramount.

The TAC is dedicated to assisting Victorians to recover and rehabilitate from road accidents, paying for treatment and support services for people injured in transport accidents.

This section provides details of the expenditure incurred by TAC in these important initiatives.

Structure

- 2.1 Road Safety
 - 2.1.1 Marketing and road safety
 - 2.1.2 Safe system road infrastructure
- 2.2 Clients' Lives Back on Track
 - 2.2.1 Health, compensation and disability research
 - 2.2.2 Net claims incurred
 - 2.2.3 Claims
 - 2.2.4 Actuarial assumptions and methods
 - 2.2.5 Insurance contracts – risk management policies and procedures

2.1 Road Safety

The Road Safety strategy commits to halving lives lost by 2030, with the Victorian Government's vision to eliminate serious trauma by 2050.

All expenditure on this important strategy is recognised as incurred and is outlined below.

2.1.1 Marketing and road safety

	2021 \$000	2020 \$000
Marketing and road safety	83,205	91,739

To achieve its goals and vision the TAC incurs costs throughout the financial year on various public education campaigns, community engagement and road safety initiatives to educate road users on key elements of the Road Safety strategy and the safe system approach. The safe system approach encompasses safe roads and roadsides, safe speeds, safe vehicles, and safe road use by all people using the road. Road safety is a shared responsibility and everyone has a role in keeping themselves and others safe.

Included in the figures above is a depreciation charge of \$1.921 million (2020: \$1.791 million) in regards to the furniture and equipment (\$0.711 million), right of use assets (\$0.259 million) and the digital design (\$0.951 million) of the Road to Zero Exhibition held at Melbourne Museum.

2.1.2 Safe system road infrastructure

	2021 \$000	2020 \$000
Safe system road infrastructure	191,564	235,898

The TAC continues to invest in road safety infrastructure, incurring expenditure towards safety infrastructure improvements on the road network across metropolitan, rural and regional roads, improving cycling and pedestrian infrastructure and supporting safer intersections and traffic calming treatments.

2.2 Clients' Lives Back on Track

The TAC is dedicated to assist Victorians to recover and rehabilitate from road accidents and get their lives back on track as quickly as possible. The TAC covers transport accidents directly caused by the driving of a car, motorcycle, bus, train or tram, funding medical treatment for transport accident-related injuries for as long as it is necessary. The claims expenditure incurred in connection with helping Victorians to get their 'lives back on track', as well as expenditure incurred on trauma projects is set out below.

2.2.1 Health, compensation and disability research

	2021 \$000	2020 \$000
Health, compensation and disability research	7,097	5,058

The TAC incurs costs throughout the financial year on various projects which focus on facilitating research and best practices in the areas of injury prevention, rehabilitation and compensation practice and improving outcomes in those areas. All expenditure is recognised as incurred.

2.2.2 Net claims incurred

	Current year \$000	2021 Prior years \$000	Total \$000	Current year \$000	2020 Prior years \$000	Total \$000
Gross claims incurred						
Undiscounted	3,382,954	(2,001,977)	1,380,977	3,478,851	(3,844,752)	(365,901)
Discount movement	(1,233,871)	61,053	(1,172,818)	(1,155,703)	3,079,659	1,923,956
	2,149,083	(1,940,924)	208,159	2,323,148	(765,093)	1,558,055
Claims recoveries						
Undiscounted	(13,756)	(2,997)	(16,753)	(13,821)	2,165	(11,656)
Discount movement	2,370	1,320	3,690	1,984	(3,354)	(1,370)
	(11,386)	(1,677)	(13,063)	(11,837)	(1,189)	(13,026)
Net claims incurred	2,137,697	(1,942,601)	195,096	2,311,311	(766,282)	1,545,029

Current year claims relate to risks borne in the current financial year. Prior year claims relate to a reassessment of the claims assumptions (e.g. changes in economic assumptions and claims experience) made in all previous financial years and include the effects of discounting caused by the natural reduction in discount, as the claims move one year closer to settlement. Recoveries on claims paid and outstanding claims are recognised as revenue.

The net claims incurred of \$195 million (2020: \$1,545 million) is impacted by both internal and external (financial impact on changes in inflation assumptions and discount rates) factors as noted below:

	2021 \$M	2020 \$M
Claims incurred – internal	1,399	2,004
Claims incurred – external	(1,204)	(459)
Net claims incurred	195	1,545

Refer to section 2.2.4 for discussion around the actuarial assumptions and methods.

2. Road safety and clients' lives back on track

2.2.3 Claims

Claims receivable

	2021 \$000	2020 \$000
Current		
Claims GST receivable	77,093	80,839
Claims recoveries	10,600	10,912
Total current	87,693	91,751
Non-current		
Claims GST receivable	802,549	845,592
Claims recoveries	55,130	50,763
Total non-current	857,679	896,355
Total claims receivable	945,372	988,106

Claims GST receivable amounts represent the GST credits which the TAC is entitled to claim on future claims payments. Claims recoveries receivable are assessed in a manner similar to the measurement of outstanding claims liability. A provision for impairment is recognised when there is objective evidence that the claims receivable is not recoverable.

Outstanding claims liability

	2021 \$000	2020 \$000
Expected future claims payments (undiscounted)	31,305,557	31,153,166
Discount to present value	(14,398,709)	(13,163,037)
	16,906,848	17,990,129
Claims handling expenses	1,260,192	1,363,786
	18,167,040	19,353,915
Risk margin	1,894,384	2,020,239
Outstanding claims liability	20,061,424	21,374,154
Current	1,595,826	1,670,869
Non-current	18,465,598	19,703,285
Outstanding claims liability	20,061,424	21,374,154

Outstanding claims liability as at 30 June 2021 has been determined by the Directors after appropriate consideration of the actuarial advice provided by an independent actuarial firm, PricewaterhouseCoopers Consulting (Australia) Pty Ltd.

Reconciliation of movement in discounted outstanding claims liability

	2021			2020		
	Gross \$000	Recoveries \$000	Net \$000	Gross \$000	Recoveries \$000	Net \$000
Outstanding claims brought forward	21,374,154	(988,106)	20,386,048	21,247,944	(984,318)	20,263,626
Effect of changes in economic assumptions	(1,164,566)	1,086	(1,163,480)	(434,397)	210	(434,187)
Effect of past inflation rate different to assumptions	24,253	332	24,585	18,867	(254)	18,613
Effect of changes in other assumptions	(928,681)	(2,572)	(931,253)	(545,062)	(396)	(545,458)
Increase in claims incurred/recoveries in current accident year	2,149,083	(11,386)	2,137,697	2,323,147	(11,834)	2,311,313
Release of risk margin and claims handling expenses	(297,492)	–	(297,492)	(270,923)	–	(270,923)
Cost of prior year claims moving one year closer to payment	425,562	(523)	425,039	466,423	(752)	465,671
Incurred claims recognised in the comprehensive operating statement	208,159	(13,063)	195,096	1,558,055	(13,026)	1,545,029
Claims payments and recoveries during the year	(1,474,100)	9,008	(1,465,092)	(1,433,455)	10,848	(1,422,607)
Increase in provision for GST credits	(46,789)	46,789	–	1,610	(1,610)	–
Outstanding claims carried forward	20,061,424	(945,372)	19,116,052	21,374,154	(988,106)	20,386,048

2. Road safety and clients' lives back on track

Claims development table

The table shows the development of undiscounted outstanding claims relative to the ultimate expected claims for the ten most recent accident years.

Accident year	2012 \$000	2013 \$000	2014 \$000	2015 \$000	2016 \$000	2017 \$000	2018 \$000	2019 \$000	2020 \$000	2021 \$000	Total \$000
Estimate of ultimate claims costs:											
At end of accident year	2,190,740	2,375,635	2,770,542	2,582,261	2,725,521	2,889,012	3,103,172	3,881,985	3,131,211	3,067,180	
One year later	2,089,306	2,643,268	2,368,520	2,577,731	2,522,724	2,955,282	3,603,036	3,549,099	2,882,777		
Two years later	1,973,791	2,410,547	2,245,457	2,385,833	2,711,350	3,400,665	3,063,600	3,404,508			
Three years later	2,046,791	2,314,780	2,069,435	2,443,654	2,978,133	3,018,510	2,843,630				
Four years later	1,996,622	2,075,528	2,098,022	2,787,325	2,778,799	2,914,277					
Five years later	1,842,027	2,041,609	2,095,436	2,373,067	2,610,958						
Six years later	1,871,541	2,030,268	1,886,556	2,152,493							
Seven years later	1,952,993	1,889,433	1,797,007								
Eight years later	1,864,588	1,849,573									
Nine years later	1,797,161										
Current estimate of cumulative claims costs	1,797,161	1,849,573	1,797,007	2,152,493	2,610,958	2,914,277	2,843,630	3,404,508	2,882,777	3,067,180	25,319,564
Cumulative payments	(919,277)	(886,625)	(848,592)	(845,844)	(907,616)	(917,326)	(864,024)	(662,461)	(400,610)	(177,351)	(7,429,726)
Outstanding claims – undiscounted	877,884	962,948	948,415	1,306,649	1,703,342	1,996,951	1,979,606	2,742,047	2,482,167	2,889,829	17,889,838
Discount											(8,421,426)
2011 and prior claims											8,387,448
Claims handling expenses											1,260,192
Recoveries and GST credits											945,372
Outstanding claims per balance sheet											20,061,424

2.2.4 Actuarial assumptions and methods

The TAC operates the Victorian Transport Accident Compensation Scheme which is long tail in nature, meaning that many claims are settled more than one year after being reported.

Significant estimates and judgements are made by the TAC valuation actuary in respect of certain key asset and liability amounts disclosed in the financial statements. The key areas of significant estimates and judgements and the methodologies used to determine key assumptions related to claims are set out below.

Outstanding claims liability

The outstanding claims liability is measured on the basis of actuarially estimated costs of future claims payments, which include goods and services tax (GST), the anticipated effects of inflation and other factors. The expected future payments include those in relation to claims reported but not yet paid, claims incurred but not yet reported and the anticipated direct and indirect costs of settling those claims. The expected future payments are discounted to present value at balance date using a risk free rate.

A risk margin is applied to the outstanding claims liability to reflect the inherent uncertainty in the central estimate of the outstanding claims liability. The risk margin increases the probability that the claims liability is adequately provided for to a 75% (2020: 75%) probability of sufficiency.

The estimation of outstanding claims liabilities is based largely on the assumption that past developments are an appropriate predictor of the future and involves a variety of actuarial techniques that analyse experience, trends and other relevant factors. The process commences with the actuarial projection of the future claims payments and claims handling costs incurred to reporting date. Each benefit type is usually examined separately.

Actuarial techniques used to analyse and project the various benefit types include:

- Payments per claim incurred (PPCI)
- Payments per active claim (PPAC)
- Payments per claim settled (PPCS)
- Annuity based individual claim models (ICM)

Projected future claims payments and associated claims handling costs are discounted to a present value as required using appropriate risk free discount rates (i.e. rates set with reference to Commonwealth Government Securities). A projection of future claims payments are undertaken separately of both gross claims payments and recoveries.

This projection is made without bias toward over or under estimation. As such, the resulting estimate is considered to be a net central estimate of outstanding claims liabilities that has an approximately equal chance of proving adequate or inadequate.

2. Road safety and clients' lives back on track

The following assumptions have been made in determining the outstanding claims liabilities.

	30 June 2021	30 June 2020
Average claim frequency (claims per 1,000 registered vehicles)	2.63	3.09
Average claim size	\$107,872	\$113,653
– Average attendant care	\$20,945	\$17,911
– Average common law size	\$37,758	\$34,532
– Average all other payment size	\$49,169	\$61,211
Expense rate	7.5%	7.6%
Weighted average discount rate (0 to 20 years)	1.99%	1.48%
Weighted average discount rate (21+ years)	3.36%	3.30%
Weighted average discount rate	2.49%	2.16%
Weighted average AWE inflation rate (0 to 20 years)	2.83%	2.67%
Weighted average AWE inflation rate (21+ years)	3.06%	3.08%
Weighted average CPI inflation rate (0 to 20 years)	1.98%	1.85%
Weighted average CPI inflation rate (21+ years)	2.07%	2.09%
Average weighted term to settlement from balance date	17.8 years	18.4 years
Risk margin	11.0%	11.0%

Process used to determine assumptions

A description of the processes used to determine these assumptions is provided below:

Average claim frequency	Claim frequency for the current accident year is estimated by projecting the number of claims incurred based on claims already reported and past patterns of claims reporting, and dividing this by the number of vehicle registrations. The claim frequency is not used explicitly in the valuation models but provides a high level indicator of claim experience.
Average claims size	<p>The average claim size is in respect of the current underwriting year and takes into account the expected payments for each payment type (e.g. attendant care, weekly, medical, impairment benefits, common law, other), as well as the proportion of total injured motorists which receive each benefit. The figures shown in the above table are in nominal values excluding the impact of inflation.</p> <p>The average claim size is further broken down into two key components; the costs of attendant care and common law compensation (including legal costs) per no fault claim. This takes into account the number of injured motorists expected to access the particular compensation as well as the amount of compensation expected to be paid. For completeness, the average size of all other compensation is also shown.</p>
Expense rate	Claims handling expenses have been estimated by reference to past and projected claims handling costs across a number of different claims types. The overall allowance represents 7.5% (2020: 7.6%).
Discount rate	Discount rates adopted are “risk-free” rates, set by reference to traded Commonwealth Government securities. For years 31 onwards there are no risk free securities on issue with term to maturity beyond this point. Therefore, the long term discount rates are set with reference to historic observed discount rates, as well as the real rate of return above inflation.
Inflation	Economic inflation assumptions in the short term are set by reference to current economic forecasts. Inflation assumptions for the medium and longer term are set by blending from the short term assumptions to an assumed long term assumption, with blending based on the shape of the discount rates.
Average weighted term to settlement	The average weighted term to settlement is calculated separately by benefit type based on historic settlement patterns. It is an outworking of the models rather than an explicit assumption and represents the average inflated and discounted term of payments in the outstanding liability from the balance date to payment.
Risk margin	A risk margin is applied to the outstanding claims liability to reflect the inherent uncertainty in the central estimate of the outstanding claims liability. The risk margin increases the probability that the claims liability is adequately provided up to a 75% probability of sufficiency. The risk margin applied at balance date was 11.0% (2020: 11.0%).

Sensitivity analysis – insurance contracts

The TAC's valuation actuary conducts sensitivity analysis to quantify the exposure to risk of changes in the key underlying variables. The valuations included in the reported results are calculated using certain assumptions about these variables as disclosed above. The movement in any key variable will impact the performance and equity of the TAC. The tables below describe how a change in each assumption will affect the scheme liabilities and show how changes in these assumptions impact on profit and equity.

Variable	Inflation of movement in variable
Average attendant care size	The average attendant care size per no fault claim will vary with the number of injured motorists receiving attendant care and the amount of that compensation. The amount depends not only on the amount of care paid per year but also on the age at which motorists are injured, as many will require care for the rest of their lives. Increases or decreases in any of these components will result in a corresponding impact on claims expense. The +/-x% movement shown in the impact table below represents a x% increase or decrease in all future estimated attendant care payments included in the outstanding claims liability.
Average common law size	The average common law size per no fault claim will vary with the number of injured motorists receiving common law compensation and the amount of that compensation (including legal costs). Increases or decreases in any of these components will result in a corresponding impact on claims expense. The +/-x% movement shown in the impact table below represents a x% increase or decrease in all future estimated common law payments included in the outstanding claims liability.
Expense rate	An estimate of the internal costs of handling claims is included in the outstanding claims liability. An increase or decrease in the expense rate assumption would have a corresponding impact on claims expense.
Discount rate	An increase or decrease in the assumed discount rate will have an opposing impact on total claims expense.
Inflation and superimposed inflation rates	Economic inflation assumptions in the short term are set by reference to current economic forecasts. Inflation assumptions for the medium and longer term are set by blending from the short term assumptions to an assumed long term assumption, with blending based on the shape of the discount rates.

2. Road safety and clients' lives back on track

Impact of changes in key variables

Variable	Movement	2021 Net result \$000	2020 Net result \$000	2021 Equity \$000	2020 Equity \$000
Recognised amounts per the financial statements		2,475,537	179,395	(1,580,592)	(4,056,129)
Average long term care size	+10%	1,861,570	(473,762)	(2,194,559)	(4,709,286)
	-10%	3,089,504	832,552	(966,625)	(3,402,972)
Average common law size	+10%	2,277,900	(16,281)	(1,778,229)	(4,251,805)
	-10%	2,673,174	375,071	(1,382,955)	(3,860,453)
Expense rate	+1%	2,344,682	40,091	(1,711,447)	(4,195,433)
	-1%	2,606,392	318,699	(1,449,737)	(3,916,825)
Weighted average discount rate (0-20 years)	+0.5%	3,229,242	1,005,889	(826,887)	(3,229,635)
	-0.5%	1,652,800	(723,844)	(2,403,329)	(4,959,368)
Weighted average discount rate (21+ years)	+0.5%	2,829,612	575,435	(1,226,517)	(3,660,089)
	-0.5%	2,073,610	(270,754)	(1,982,519)	(4,506,278)
Weighted average inflation rate – AWE and CPI (0-20 years)	+0.5%	1,685,243	(701,820)	(2,370,886)	(4,937,344)
	-0.5%	3,208,829	994,843	(847,300)	(3,240,682)
Weighted average inflation rate – AWE and CPI (21+ years)	+0.5%	2,066,939	(261,237)	(1,989,190)	(4,496,761)
	-0.5%	2,838,543	570,779	(1,217,586)	(3,664,745)

2.2.5 Insurance contracts – risk management policies and procedures

The financial condition and operation of the TAC is affected by a number of key risks including insurance risk, financial risk and operational risk.

The TAC's policies and procedures in respect of managing insurance risks are set out below.

Risks arising from insurance operation and policies for mitigating those risks

The TAC's performance from insurance operations is affected by the inherent nature of insurance risks and market factors external to the TAC.

The TAC's risk management strategy covers all aspects of the TAC's operations including any reinsurance risk retention limits. It also includes processes and controls in respect of the management of both financial and non-financial risks likely to be faced by the organisation.

Key aspects of the processes established to mitigate risks include:

- the maintenance and use of sophisticated management information systems, which provide reliable and up-to-date data on the risks to which the business is exposed at any point in time;
- actuarial models incorporating past experience, statistical methods and information derived from the management information systems to monitor claims patterns;
- catastrophic accidents are modelled and the TAC's exposures are, if elected by the TAC's Board, protected by arranging reinsurance to limit the losses arising from an individual event. The retention and limits are approved by the TAC's Board;
- where specific reinsurance coverage is elected, only reinsurers with credit ratings equal to, or in excess of, a minimum level determined by management are accepted; and
- the investment allocation strategy, established by the Victorian Funds Management Corporation (VFMC) in consultation with the TAC, is derived by the matching of assets to the underlying claims liabilities to optimise the returns within the risk management parameters.

The TAC Board has elected to retain the risk from catastrophic accidents and therefore have not entered into any reinsurance contracts.

Terms and conditions

The terms and conditions of the Transport Accident Compensation Scheme administered by the TAC are established under the *Transport Accident Act 1986*. The TAC offers three, six and twelve month insurance terms. The period of indemnity is generally 12 months.

Where coverage is elected, reinsurance contracts are negotiated and entered into annually to protect the TAC against large losses.

Concentration of insurance risk

The TAC operates the Victorian Transport Accident Compensation Scheme. The TAC's exposure to concentration of insurance risks is motor vehicles, trains and trams.

Interest rate risk

Assets or liabilities arising from insurance or, where applicable, reinsurance contracts entered into by the TAC are directly exposed to interest rate risk.

Credit risk

The TAC has no significant concentrations of credit risk.

3. Collection of premium revenue

Introduction to this section

The funds the TAC needs to perform its key strategy are attained from payments made by Victorian motorists when they register their vehicles with VicRoads. The expenditure incurred by the TAC in the implementation of these strategies is disclosed and the funds that enable the delivery of the initiatives are outlined below.

This section is structured as follows:

- 3.1 Net premium revenue
- 3.2 Deferred acquisition costs
- 3.3 Unearned premiums
- 3.4 Unexpired risk liability

3.1 Net premium revenue

	2021 \$000	2020 \$000
Premium revenue	1,978,743	1,950,775
Premium collection fees	(40,423)	(28,933)
Net premium revenue	1,938,320	1,921,842

Premium revenue refers to the transport accident charge for motor vehicles and premium charge for trains and trams, and is recognised from the attachment date over the period of the policy. The pattern of recognition over the policy period is based on time, which is considered to approximate closely with the pattern of risks underwritten. Premium revenue is net of refunds and excludes stamp duty and GST.

3.2 Deferred acquisition costs

	2021 \$000	2020 \$000
Balance at 1 July	11,089	–
Acquisition costs incurred in the year	48,622	48,249
Amount expensed to comprehensive operating statement	(40,423)	(28,933)
Write down due to premium deficiency	(19,288)	(8,227)
Deferred acquisition costs	–	11,089

Acquisition costs represent fees incurred for the collection of transport accident charges for motor vehicles. Acquisition costs are deferred and recognised as assets where they can be reliably measured and where it is probable that they will give rise to a future benefit. Deferred acquisition costs are measured at the lower of cost and recoverable amount and are expensed to correspond to the earning pattern of the premium revenue.

The deferred acquisition cost has been written down as a result of the recording of a premium deficiency at 30 June 2021 (refer note 3.4).

3.3 Unearned premiums

	2021 \$000	2020 \$000
Balance at 1 July	782,936	766,886
Deferral of premium written in the year	776,270	782,936
Earning of premium written in previous year	(782,936)	(766,886)
Unearned premiums	776,270	782,936

Unearned premiums represent the proportion of premiums received or receivable not earned and relate to periods of insurance subsequent to balance date. They are computed on the basis that the risk attaches to all policies from the middle of the month in which they are written.

3.4 Unexpired risk liability

	2021 \$000	2020 \$000
Unexpired risk liability at beginning of year	–	277,567
Increase/(decrease) in unexpired risk liability	138,280	(277,567)
Unexpired risk liability at end of year	138,280	–

a) Calculation of premium deficiency

Net unearned premium liability ⁽¹⁾	812,253	806,453
Net present value of future claims costs	(873,713)	(699,296)
Risk margin	(96,108)	(115,384)
Gross premium deficiency	(157,568)	(8,227)
Deferred acquisition costs written down	19,288	8,227
Net premium deficiency	(138,280)	–

¹ Net unearned premium liability includes Unearned Premiums and Advance Premiums, less Gross deferred acquisition costs recognised.

b) Movements in carrying amounts

Amount expensed to comprehensive operating statement	157,568	(269,340)
Deferred acquisition costs written down	(19,288)	(8,227)
	138,280	(277,567)

At each reporting date the TAC performs a liability adequacy test to assess whether the unearned premium liability is sufficient to cover all expected future cash flows relating to future claims against current insurance contracts.

The unearned premium liability is deemed to be deficient when the expected future cash claims plus the additional risk margin (refer to 2.2.4) exceeds the unearned premium liability less related intangible assets and deferred acquisition costs.

The entire deficiency is recognised immediately in the comprehensive operating statement. The deficiency is recognised first by writing down any related intangible assets and then related deferred acquisition costs, with any excess being recorded in the balance sheet as an unexpired risk liability. A gross deficiency of \$157.6 million was recorded at 30 June 2021 (2020: \$8.2 million).

4. Investment portfolio

Introduction to this section

This section includes the investments that are held by the TAC that are used to supplement the premiums earned to fund its functions.

This section contains the disclosures:

- 4.1 Net investment income
- 4.2 Investments (including derivative liabilities)
- 4.3 Cash and cash equivalents

4.1 Net investment income

	2021 \$000	2020 \$000
Dividends	657,691	938,854
Interest	7,287	24,201
Changes in fair values of investments through the comprehensive operating statement	1,794,056	(814,337)
Investment income	2,459,034	148,718
Investment expense	(40,847)	(39,818)
Net investment income	2,418,187	108,900

Dividend income is recognised when the TAC's right to receive payment has been established. Dividend income through trust distributions is recognised when the market prices are quoted ex-distribution for listed trusts, while unlisted trust distributions are recognised when the trustee declares a distribution. Interest income is recognised on an accrual basis.

Changes in fair values of investments is the difference between the fair value of the investments at 30 June 2020 or the cost of acquisition (for investments purchased during the year), and sales proceeds or their fair value at 30 June 2021.

Investment expenses are fees paid to the VFMC under the Client Funds Management Service Agreement and other professional fees incurred by the TAC in relation to the management of the investment portfolio.

The net return on the investment portfolio for the year was 16.13% (2020: 0.70%).

4.2 Investments

The TAC's investment activity is undertaken pursuant to the *Transport Accident Act 1986*, the *Borrowing and Investment Powers Act 1987* and the Treasurer's Prudential Statement. It is the Victorian Government's policy that all the investment assets of the TAC be managed by the VFMC.

Under the Centralised Model implemented by the Victorian Government in July 2006, the TAC is responsible for setting its investment objectives whilst the VFMC has responsibility to develop appropriate investment strategies that target the TAC's investment objectives. The investment strategy that is determined by the VFMC for the TAC is documented in a detailed Investment Risk Management Plan (IRMP) which is approved by the Treasurer. The IRMP is prepared by the VFMC and addresses issues concerning strategy, portfolio construction, benchmarks and risk management.

The prudential supervision responsibility of the investments rests with the Department of Treasury and Finance (DTF). The VFMC Board is required to certify to the DTF on an annual basis and on a semi-annual basis to the TAC, that the TAC's investment portfolio has been managed in accordance with the accepted IRMP and with the TAC's investment objectives. The TAC is responsible for the review of the contractual and service level agreements and for periodically reviewing and discussing with the VFMC its investment performance against its investment objectives.

The investment portfolio consists of a range of assets to match TAC's liability characteristics and equities to provide for long-term growth and other assets that provide diversification benefits across the general portfolio.

	2021 \$000	2020 \$000
Investment assets		
Cash and cash equivalents	2,121,495	2,094,227
Cash collateral and margin accounts	17,617	14,314
Receivables	916,629	1,316,554
Derivative assets	241,967	558,503
Equity and managed investment schemes	14,433,218	11,547,777
Debt securities	–	84,030
	17,730,926	15,615,405
Investment related liabilities		
Cash collateral and margin accounts	(188,842)	(179,910)
Payables	(11)	(318,196)
Derivative liabilities	(126,967)	(88,077)
	(315,820)	(586,183)
Total	17,415,106	15,029,222

The above prior year comparatives have been restated to reflect the Investment asset and Investment liability balances separately, as opposed to consolidating these balances and reporting them by asset class.

TAC has uncalled capital commitments within its investments totalling \$1,839 million as at 30 June 2021 (2020: \$1,348 million), which have not been recognised on the balance sheet.

	2021 \$000	2020 \$000
Current		
Investment assets	3,135,409	3,918,651
Investment related liabilities	(315,820)	(586,183)
Non-current		
Investment assets	14,595,517	11,696,754
Total	17,415,106	15,029,222

The above prior year comparatives have been restated to reflect the Investment asset and Investment liability balances separately, as opposed to consolidating these balances and reporting them by asset class.

4. Investment portfolio

Assets backing insurance liabilities

The TAC's investment portfolio is managed by the VFMC through internal management and external fund managers and a Master Custodian. The Master Custodian holds the investments and conducts settlements pursuant to instructions from internal management and fund managers.

The TAC has determined that all assets, except for plant and equipment and intangibles, are held to back insurance liabilities. Investments are designated at fair value through profit and loss on the basis that the investments are managed as a portfolio based on their fair values, and have their performance evaluated in accordance with documented risk management and investment strategies. Initial recognition is at cost in the balance sheet and subsequent measurement is at fair value with any resultant changes in fair value recognised in the comprehensive operating statement.

Details of fair value for the different types of investment assets are listed below:

- cash assets, deposits held at call with banks and investments in money market instruments are carried at face value which approximate to their fair value;
- investments in discounted money market instruments are valued at their quoted mid-price at the balance sheet date, as with fine trading spreads in this market, there is an ability to transact at mid-price;
- shares, fixed interest securities, options and units in trusts listed on stock exchanges or traded in an open market are initially recognised at cost (which is equal to fair value) and the subsequent fair value is taken as the quoted bid price of the instruments at the balance sheet date;
- futures contracts listed on recognised exchanges are valued using the quoted settlement price; and
- units in unlisted trusts are recorded at fair value as determined by the fund manager or valuation by other skilled independent third parties. In determining fair value, the manager or third parties use observable market transactions of the units and underlying assets where available and applicable; some of the underlying assets of the trusts are valued using valuation models that include inputs which are not based on observable market data.

Refer to note 7.3 for discussion on valuation judgements in relation to the fair value of investments.

All purchases and sales of investments that require delivery of the asset within the time frame established by regulation or market convention ('regular way' transactions) are recognised at trade date, being the date on which the commitments are made to buy or sell the asset. In cases where the period between trade and settlement exceeds this time frame, the transaction is recognised at settlement date.

Investments held at balance sheet date that are denominated in foreign currencies are retranslated to Australian dollars at rates of exchange ruling at the balance sheet date. Exchange differences are recognised in the comprehensive operating statement in the period in which they arise. Investments are derecognised when the rights to receive future cash flows from the assets have expired, or have been transferred, and the TAC has transferred substantially all the risks and rewards of ownership.

Investments that are due to mature, expire or be realised within twelve months of balance date are classified as current investments in the balance sheet. While this classification policy may result in a reported working capital deficit, the TAC holds high quality liquid assets in its investment portfolio which are readily convertible to cash assets. In addition, the TAC is normally cash flow positive with premium and investment income exceeding claims and administrative cost payments.

Derivative financial instruments

VFMC and fund managers use derivative financial instruments such as foreign exchange contracts, futures, swaps and options to more effectively manage the risks associated with investing in large institutional portfolios. Derivatives are originally recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date with any gain or loss recognised in the comprehensive operating statement.

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

4.3 Cash and cash equivalents

(a) Reconciliation of cash and cash equivalents

For the purpose of the cash flow statement, cash includes cash on hand and at banks and cash equivalent assets. Cash equivalent assets are highly liquid investments with short periods to maturity, which are readily convertible to cash at the option of the TAC. Cash at the end of the financial year, as shown in the cash flow statement, is reconciled to the related items in the balance sheet as follows:

	2021 \$000	2020 \$000
Cash and cash equivalents (bank)	61,424	62,238
Cash equivalents (investments)	2,121,495	2,094,227
Total	2,182,919	2,156,465

(b) Reconciliation of net cash flows from operating activities to net results

	2021 \$000	2020 \$000
Net result for the year	2,475,537	179,395
Depreciation and amortisation	21,898	22,060
Impairment/Write-down of property, plant and equipment	4,543	59
Finance costs	(613)	356
Changes in fair values of investments through the comprehensive operating statement	(1,794,056)	814,337
Loss/(profit) on sale of plant and equipment	(103)	(17)
Changes in assets and liabilities		
Increase/(decrease) in outstanding claims	(1,312,730)	126,210
Increase/(decrease) in unearned premiums	(6,666)	16,050
Decrease/(increase) in receivables and other assets	55,675	(7,055)
Increase/(decrease) in creditors and provisions	115,611	(260,330)
Decrease/(increase) in net deferred tax balances	1,049,187	51,491
Net cash inflow/(outflow) from operating activities	608,283	942,556

5. Cost of operations

Introduction to this section

This section provides details of costs incurred by TAC to support its day-to-day operating activities.

This section contains the following disclosures:

- 5.1 Administration costs
- 5.2 Superannuation

5.1 Administration costs

	2021 \$000	2020 \$000
Staff and related	138,300	133,238
Information technology	12,558	13,066
Occupancy and utilities	6,674	7,135
Other operating	19,744	17,764
Depreciation and amortisation	19,977	20,269
Total	197,253	191,472
Total administration costs include the following:		
Write-down/Impairment of property, plant and equipment and intangibles	4,543	59
Operating lease rentals	1,750	1,639
Auditor-General's fees	230	230
Interest on leases	3,388	3,553
Unwind of discount and effect of changes in the discount rate on employee provision	(613)	356

5.2 Superannuation

Superannuation is provided for employees via the following superannuation funds:

	2021 \$000	2020 \$000
Emergency Services Superannuation Scheme – Revised and New Scheme	312	291
Victorian Superannuation Fund – VicSuper Scheme	5,740	5,754
Private sector complying funds	5,608	5,129
Total	11,660	11,174

The Emergency Services Superannuation Scheme is a defined benefit superannuation plan.

Superannuation amounts include employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period.

The TAC does not recognise any defined benefit liabilities in respect of the Revised and New Scheme under the Emergency Services Superannuation Scheme, because it has no legal or constructive obligation to pay future benefits relating to its employees. The Department of Treasury and Finance administers and discloses the State's defined benefit liabilities in its financial report.

Employees have the option of contributing exclusively to private sector complying funds or contributing to the Victorian Superannuation Fund or both. The basis of superannuation contributions is based on the relevant rules of each plan.

At 30 June 2021, contributions outstanding totalled twenty six thousand dollars (2020: one thousand dollars).

6. Taxation and shareholder transactions

Introduction to this section

The TAC is required to pay income tax equivalent under the National Tax Equivalent Regime.

This section contains the following disclosures:

Income tax

6.1 Income tax

6.2 Deferred tax

6.1 Income tax

In accordance with section 88 (3D) of the *State Owned Enterprises Act 1992*, the TAC is required to pay income tax equivalent under the National Tax Equivalent Regime (NTER). The income tax expense or benefit comprises current and deferred tax.

Income tax recognised in comprehensive operating statement	2021 \$000	2020 \$000
Income tax expense comprises:		
Current tax expense	–	–
Deferred tax adjustment – utilisation of carried forward losses	918,823	156,235
Deferred tax adjustment – movement in temporary differences	124,062	(103,707)
Adjustment in respect of prior years	6,302	(1,037)
Total tax expense	1,049,187	51,491
Deferred tax adjustment movement in temporary differences comprises:		
(Increase)/decrease in deferred tax assets	(1,121)	56,645
Increase/(decrease) in deferred tax liabilities	125,183	(160,352)
	124,062	(103,707)
Reconciliation between net result before tax and income tax expense		
Net profit before tax	3,524,724	230,886
Tax at the statutory rate of 30% (2020 – 30%)	1,057,418	69,266
Imputation gross-up on dividends received	6,204	7,155
Franking credits and withholding tax on dividends received	(20,679)	(23,851)
Sundry items	6,244	(1,079)
Income tax expense	1,049,187	51,491

6. Taxation and shareholder transactions

6.2 Deferred tax

Deferred tax balances	2021 \$000	2020 \$000
Deferred tax assets comprise:		
Carry forward tax losses	874,575	1,811,899
Claims handling expense included in outstanding claims	419,644	454,141
Sundry items	62,806	14,989
	1,357,025	2,281,029
Deferred tax liabilities comprise:		
Unrealised gain on investments	311,442	186,259
	311,442	186,259
Net deferred tax assets	1,045,583	2,094,770

Deferred tax is recognised for all taxable temporary differences and is calculated based on the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates that are expected to apply when the assets and liabilities are realised or settled, based on tax rates that have been enacted or substantially enacted by reporting date.

Deferred tax assets are recognised only to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities which affect neither taxable income nor accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are offset as the TAC settles its current tax assets and liabilities on a net basis.

7. Financial instruments

Introduction to this section

This section provides information on the sources of finance utilised by the TAC during its operations, including disclosures of balances that are financial instruments and discussion on valuation judgements.

This section contains the following disclosures:

- 7.1 Financial risk management
- 7.2 Offsetting financial assets and financial liabilities
- 7.3 Fair value – Financial assets and financial liabilities

7.1 Financial risk management

The TAC's financial assets and liabilities are exposed to a variety of financial risks including market risk (consisting of interest rate, foreign currency and equity price risk), credit risk and liquidity risk.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The VFMC manages market risk by seeking input from the TAC's actuaries to ensure the investment mix is appropriate to service future liabilities and that projected outcomes are in line with the TAC's overall investment objectives and remain within the risk parameters approved by the Treasurer.

Interest rate risk

Interest rate risk is the risk that the TAC is impacted by significant changes in interest rates. The VFMC manages interest rate risk through an asset allocation strategy for the TAC's investment portfolio, which acts as an economic hedge against the insurance liabilities of the TAC. To the extent that these assets and liabilities can be matched, no gain or loss is recognised. The VFMC uses derivatives to manage the interest rate risk on interest rate sensitive assets. Interest rate swap contracts and forward rate agreements are used to mitigate interest rate risks.

A summary of the TAC's interest-bearing financial instruments is as follows:

	Variable rate 2021 \$000	Fixed rate 2021 \$000	Total 2021 \$000	Variable rate 2020 \$000	Fixed rate 2020 \$000	Total 2020 \$000
Financial assets						
Cash and cash equivalents	61,424	–	61,424	62,238	–	62,238
Investments:						
– derivative assets	–	417	417	–	–	–
– other investments	1,938,273	–	1,938,273	2,000,707	–	2,000,707
	1,999,697	417	2,000,114	2,062,945	–	2,062,945
Financial liabilities						
Derivative liabilities	–	3,364	3,364	–	139	139
Other liabilities	–	114,549	114,549	–	120,442	120,442
	–	117,913	117,913	–	120,581	120,581
Total	1,999,697	(117,496)	1,882,201	2,062,945	(120,581)	1,942,364

7. Financial instruments

Interest rate sensitivity

A 0.5% movement in interest rates (or discount rates) is used by the TAC's actuaries to present the sensitivities of the actuarial claims liabilities to management to allow them to monitor interest rate risk on liabilities. A sensitivity table is not disclosed, as the impact of a 0.5% movement in interest rates with all other variables held constant on the TAC's net profit and equity is not material.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The TAC is exposed to foreign exchange risk through its investments which are denominated in foreign currency, and anticipated future transactions.

The VFMC limits foreign exchange risk through the use of forward currency contracts where it agrees to sell specified amounts of foreign currencies in the future at a predetermined exchange rate. The proportion of foreign exchange risk which is hedged is reviewed regularly to ensure that the net exposure is maintained at a level which is consistent with the overall investment objectives.

The foreign exchange risk disclosures have been prepared on the basis of the TAC's direct investment and not on a look-through basis for investments held indirectly through unit trusts. Consequently the disclosure of currency risk in the note may not represent the true currency risk profile of the TAC where a unit trust has significant investments which have exposure to the currency markets.

The TAC's exposure is mainly via the major currencies such as United States dollar, Japanese yen, the Euro and British pound.

Foreign currency sensitivity

The following table details the TAC's sensitivity to a 10% increase or decrease in the Australian Dollar against the relevant foreign currencies with all other variables held constant.

	2021 \$000	2020 \$000
Impact on profit and equity of a 10% increase in foreign exchange rates:		
– Before impact of foreign exchange derivatives	(111,037)	(151,128)
– Impact of foreign exchange derivatives	258,189	191,034
– After impact of foreign exchange derivatives	147,152	39,906
Impact on profit or equity of a 10% decrease in foreign exchange rates:		
– Before impact of foreign exchange derivatives	135,712	184,712
– Impact of foreign exchange derivatives	(315,565)	(233,485)
– After impact of foreign exchange derivatives	(179,853)	(48,773)

Equity price risk

The TAC is exposed to equity price risk arising from investments both within Australian markets and overseas (refer to note 4.2). Equity investments are held for strategic rather than trading purposes. The VFMC limits price risk through diversification of the equity investment portfolio.

Equity price sensitivity

At reporting date, if listed/unlisted equity prices had been 10% higher or lower and all other variables were held constant, the TAC's net profit and equity would increase or decrease by \$1,003.5 million (2020: \$803.2 million).

Credit risk

Credit risk refers to the risk that an issuer or counterparty will default on its contractual obligations resulting in financial loss to the TAC. The VFMC manages counterparty credit risk by conducting due diligence on counterparties and will only deal with counterparties of high quality with substantial balance sheets. Agreements also contain provisions for the agreement to be reviewed or rescinded upon the occurrence of specified events relating to counterparty credit and liquidity.

Assessment processes also ensure that well-defined documentation underpins each transaction, that clear rules exist for completing single transactions with a particular counterparty, and that appropriate credit limits exist to accommodate the transaction. Exposure is measured on a multi-tiered basis according to factors such as the individual transaction, counterparty total and credit rating total, and is monitored by personnel separated from the dealing function. When conducting over-the-counter derivative transactions, bilateral legal contracts must be signed with the counterparty prior to execution of the transaction.

The establishment of appropriate policies and multi-tiered limits ensures that TAC maintains a diversified portfolio without any significant concentration of credit risk on an industry, regional or country basis. The TAC's maximum exposure to credit risk at balance date in relation to each class of financial asset is the carrying amount of those assets as indicated in the balance sheet.

Concentrations of credit risk

The VFMC manages credit risk by diversifying the exposure amount with particular issuers and counterparties. The TAC does not have any significant concentration of credit risk on an industry, regional or country basis. The investment strategy for the TAC is to ensure a diversified portfolio. The table below provides information regarding credit risk exposure of the TAC by classifying assets according to the VFMC's credit ratings of counterparties.

	Investment grade \$000	Non-Investment grade \$000	Total \$000
2021			
Cash and cash equivalents	61,424	–	61,424
Cash equivalents (investments)	2,121,495	–	2,121,495
Derivative assets	–	241,967	241,967
Other receivables	–	5,136	5,136
Total	2,182,919	247,103	2,430,022
2020			
Cash and cash equivalents	62,238	–	62,238
Cash equivalents (investments)	2,094,227	–	2,094,227
Debt securities	84,030	–	84,030
Derivative assets	–	558,503	558,503
Other receivables	–	3,783	3,783
Total	2,240,495	562,286	2,802,781

The VFMC classifies all assets with Standard and Poor's credit ratings of AAA to BBB – as investment grade.

Non-investment grade assets include assets that fall outside the range of AAA to BBB – Standard and Poor's credit ratings as well as non-rated assets that are within the risk parameters outlined in the Investment Risk Management Plan.

7. Financial instruments

Liquidity risk

Liquidity risk arises from the TAC being unable to meet financial obligations as they fall due. The VFMC manages liquidity risks through holding high quality liquid assets in its total investment portfolio, which are readily convertible to cash assets. The TAC is normally cash flow positive with premium and investment income exceeding claims and administrative cost payments.

The following table summarises the maturity profile of the TAC's financial liabilities. The table is based on the undiscounted cash flows of financial liabilities and on the earliest date on which the TAC can be required to pay.

2021	Less than 3 months \$000	3-12 months \$000	1 – 5 years \$000	5 + years \$000	Total \$000
Payables	86,044	–	–	–	86,044
Finance lease liabilities	1,732	5,196	30,014	77,607	114,549
Derivative liabilities	63,770	63,197	–	–	126,967
Total	151,546	68,393	30,014	77,607	327,560

2020	Less than 3 months \$000	3-12 months \$000	1 – 5 years \$000	5 + years \$000	Total \$000
Payables	130,069	–	–	–	130,069
Finance lease liabilities	1,654	4,962	28,075	85,751	120,442
Derivative liabilities	79,637	8,440	–	–	88,077
Total	211,360	13,402	28,075	85,751	338,588

Creditors and accruals are normally settled within 30 days and are carried at nominal value which approximates fair value. The table above includes only the liquidity analysis in relation to contractual (as opposed to statutory) financial liabilities. While the liability for outstanding claims is the most significant liability for which payments will need to be made in the future, these do not meet the definition of a financial liability.

7.2 Offsetting financial assets and financial liabilities

The following table identifies financial assets and liabilities which have been offset in the balance sheet in accordance with AASB 132 *Financial Instruments: Presentation* and those which have not been offset in the balance sheet but are subject to enforceable master netting agreements (or similar arrangements) with trading counterparties.

Financial assets and financial liabilities subject to offsetting arrangements:

2021	Gross and net amount included in Balance Sheet \$000	Related amount not set off in Balance Sheet		Net Amount \$000
		Related amount subject to master netting agreements \$000	Collateralised obligation \$000	
Derivative assets	241,967	(12,815)	(188,468)	40,684
Derivative liabilities	(126,967)	12,815	9,088	(105,064)
Total	115,000	–	(179,380)	(64,380)

2020				
Derivative assets	558,503	(85,362)	(179,910)	293,231
Derivative liabilities	(88,077)	85,362	1,888	(827)
Total	470,426	–	(178,022)	292,404

7.3 Fair value – financial assets and financial liabilities

The TAC determines the policies and procedures for fair value measurements in accordance with the requirements of AASB 13 *Fair Value Measurement* and the relevant Financial Reporting Directions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For the purpose of fair value disclosures, the TAC has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. In addition, the TAC determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

TAC holds financial instruments that are recorded in the financial statements, with carrying amounts approximate to fair value due to their short-term nature. These financial instruments are measured at amortised cost and include:

- Other receivables
- Lease liabilities
- Payables

7. Financial instruments

The following tables illustrate the level in the fair value hierarchy in which fair value measurements are categorised for financial assets and financial liabilities.

30 June 2021	Fair value measurement at end of the reporting period using:			
	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Financial assets				
Cash and cash equivalents	61,424	—	—	61,424
Investment assets				
Cash investments	2,121,495	—	—	2,121,495
Cash collateral and margin accounts	17,617	—	—	17,617
Receivables	916,629	—	—	916,629
Derivative assets	682	241,285	—	241,967
Equity and managed investment schemes				
Australian bonds	—	845,151	—	845,151
Australian equities	—	2,145,396	—	2,145,396
Emerging market debt	—	480,889	—	480,889
Hedge funds	—	132,491	460,128	592,619
Inflation linked bonds	—	1,376,274	—	1,376,274
Infrastructure	—	44	1,258,044	1,258,088
Insurance	—	—	194,340	194,340
International equities	—	4,491,486	—	4,491,486
Opportunistic	—	346,510	—	346,510
Private credit	—	—	817,675	817,675
Private equity	—	—	21,128	21,128
Property	—	—	1,337,855	1,337,855
US bonds	—	525,807	—	525,807
Debt securities	—	—	—	—
	3,117,847	10,585,333	4,089,170	17,792,350
Financial liabilities				
Investment related liabilities				
Cash collateral and margin accounts	188,842	—	—	188,842
Payables	11	—	—	11
Derivative liabilities	3,654	123,313	—	126,967
	192,507	123,313	—	315,820
Net financial assets	2,925,340	10,462,020	4,089,170	17,476,530

30 June 2020	Fair value measurement at end of the reporting period using:			
	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Financial assets				
Cash and cash equivalents	62,238	—	—	62,238
Investment assets				
Cash investments	2,094,227	—	—	2,094,227
Cash collateral and margin accounts	14,314	—	—	14,314
Receivables	1,316,554	—	—	1,316,554
Derivative assets	31	558,472	—	558,503
Equity and managed investment schemes				
Australian bonds	—	696,715	—	696,715
Australian equities	—	1,704,285	—	1,704,285
Emerging market debt	—	175,053	—	175,053
Hedge funds	—	271,223	360,712	631,935
Inflation linked bonds	—	1,337,894	—	1,337,894
Infrastructure	—	376	1,180,119	1,180,495
Insurance	—	—	249,844	249,844
International equities	—	3,463,335	—	3,463,335
Private credit	—	—	471,463	471,463
Private equity	—	—	26,105	26,105
Property	—	25,881	1,174,964	1,200,845
US bonds	—	409,808	—	409,808
Debt securities	—	84,030	—	84,030
	3,487,364	8,727,072	3,463,207	15,677,643
Financial liabilities				
Investment related liabilities				
Cash collateral and margin accounts	179,910	—	—	179,910
Payables	318,196	—	—	318,196
Derivative liabilities	1,307	86,770	—	88,077
	499,413	86,770	—	586,183
Net financial assets	2,987,951	8,640,302	3,463,207	15,091,460

The above prior year comparatives have been restated to reflect the Investment asset and Investment liability balances separately, as opposed to consolidating these balances and reporting them by asset class.

7. Financial instruments

Transfers between categories

An amount of \$143.8 million was transferred from level 2 to level 3 during the year ended 30 June 2021 (2020: no transfers).

Reconciliation of Level 3 fair value measurements of financial assets:

	Total Level 3 \$000
Balance at beginning of the year	3,463,207
Gain/(loss) recognised in the comprehensive operating statement	31,969
Sales	(409,380)
Purchases	859,541
Transfer in from level 2	143,833
Closing Balance	4,089,170
Total losses for the period included in profit or loss for assets held at the end of the period	(3,124)

Fair value determination

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Key assumptions and inputs to estimation uncertainty

The disclosures below provide details of the inputs and assumptions used in the current valuation models.

A majority of the investments with estimation uncertainty are held via third party pooled investment vehicles, and as such the TAC is not privy to the detailed assumptions or valuation techniques used to value the underlying investment assets. The TAC is reliant on third parties for these valuations and the quantitative information regarding significant unobservable inputs used in the fair value measurement cannot be assessed.

An example of the key inputs and assumptions typically considered is shown below.

Investment asset	Valuation technique	Key inputs and assumptions
<i>Infrastructure Investments</i>	Discounted cash flows	<ul style="list-style-type: none"> risk free discount rates risk premium asset utilisation rates capital expenditure and operating cost forecasts other estimated future cash flows dependent on the longer term general economic forecasts forecast performance of applicable underlying assets
<i>Private Equity Investments</i>	Multiples of earnings, discounted cash flow, market equivalents and other market accepted methodologies	<ul style="list-style-type: none"> identification of appropriate comparables estimated future profits risk free rate, risk premium
<i>Property Investments</i>	Discounted cash flow, capitalisation and direct comparison methodologies	<ul style="list-style-type: none"> estimated future cash flows future economic and regulatory conditions
<i>Fixed Income Investments and Hedge Fund, Private Credit and Insurance Investments</i>	<p>Fixed income investments – third party pricing servicers, which source prices from brokers and market makers</p> <p>Liquid securities quoted on an exchange or traded in a dealer market</p> <p>Less liquid securities – discounted cash flow, amortised cost, direct comparison and others</p>	<ul style="list-style-type: none"> appropriate credit spread and other risk premium future risk free rate estimated future cash flows identification of appropriate comparable assets future economic and regulatory conditions

8. Other Disclosures

Introduction to this section

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

This section contains the following disclosures:

- 8.1 Responsible person
- 8.2 Remuneration of executive officers
- 8.3 Related parties
- 8.4 Motorcycle road safety reserve
- 8.5 Commitments and contingencies
- 8.6 Controlled entity
- 8.7 Events after reporting date
- 8.8 Application of standards not yet effective

8.1 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

Names

The responsible persons who held office during the financial year are as follows:

Responsible Ministers:

Honourable Danny Pearson MP, Assistant Treasurer
Honourable Ben Carroll MP, Minister for Roads and Road Safety

Directors:

Mr Greg Wilson (Chair)
Ms Jane Brockington
Mr James Flintoft
Mr David Heath
Ms Louisa Hudson
Ms Julia Mason
Ms Sharon McCrohan
Mr John Merritt
Dr Samantha Smith

Chief Executive Officer:

Mr Joe Calafiore

8. Other Disclosures

Remuneration

	2021 \$000	2020 \$000
Total remuneration received or receivable by responsible persons ¹	1,210	1,052

¹ The compensation detailed above excludes the salaries and benefits of the Portfolio Ministers. The Minister's remuneration and allowances are set by the Parliamentary Salaries and Superannuation Act 1968 and are reported within the Department of Parliamentary Services' Financial Report.

The number of responsible persons of TAC whose remuneration falls within the following bands was:

Income Band	2021	2020
\$30,000 – \$39,999	–	1
\$60,000 – \$69,999	8	8
\$140,000 – \$149,999	1	–
\$520,000 – \$529,999	–	1
\$570,000 – \$579,999	1	–

8.2 Remuneration of executive officers

Remuneration of executives

The number of executive officers, excluding the Chief Executive Officer, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period.

The number of executive officers may vary from year to year due to the timing of appointments, resignations, and the composition of the executive officers.

The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 *Related Party Disclosures* and are also reported within the related parties note disclosure (note 8.3).

The remuneration of executives is as follows:

	2021 \$000	2020 \$000
Short-term employee benefits	3,029	2,592
Post-employment benefits	210	199
Other long-term employee benefits	72	63
Termination benefits	–	142
Total remuneration	3,311	2,996
Total number of executives	10.5	12.0
Total annualised employee equivalent ¹	9.6	8.8

¹ Annualised employee equivalent is based on the time fraction worked over the reporting period.

8.3 Related parties

The TAC is a wholly owned and controlled entity of the State of Victoria.

Key management personnel of TAC are those listed as responsible persons and members of the executive leadership team.

Related parties of the TAC include:

- all key management personnel and their close family members;
- all cabinet ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

The remuneration of key management personnel is as follows:

	2021 \$000	2020 \$000
Short-term employee benefits	4,150	3,565
Post-employment benefits	286	266
Other long-term employee benefits	85	75
Termination benefits	—	142
Total remuneration	4,521	4,048

Several factors affected total remuneration payable to key management personnel over the year, including the commencement, renegotiation and completion of a number of employment contracts.

Significant transactions with government related entities

Mr John Merritt and Ms Jane Brockington were Directors of the Victorian WorkCover Authority (WorkSafe) during the financial year. Additionally, Mr Brad Kemp was a member of the Executive Leadership Team of both the TAC and WorkSafe during the year. WorkSafe is entitled to recover from the TAC under the *Accident Compensation Act 1985*, all compensation payable under the WorkCover scheme for injury in a transport accident during the course of work. The TAC also makes payments for the annual Workplace Injury Insurance premium to WorkSafe.

The TAC and WorkSafe reimbursed each other for the cost of external services acquired jointly, and internal services provided to each other, in relation to collaborative initiatives between the TAC and WorkSafe. In addition, the TAC received payments from WorkSafe for the management of WorkSafe claims of injured workers with catastrophic injuries.

The aggregate amounts in respect of the above transactions with the responsible person-related entity WorkSafe were:

	2021 \$000	2020 \$000
Claim compensation paid	(118,200)	(107,200)
Cost reimbursement received and receivable	7,254	3,298
Cost reimbursement paid and payable	(5,048)	(5,656)
Management of catastrophic claims	2,390	2,149

8. Other Disclosures

Ms Jane Brockington was also the Chair of the Victoria Police Audit and Risk Committee during the financial year. The TAC, in consultation with Victoria Police, develops strategies to target the main causes of crashes that result in trauma, and encourage positive road-user attitudes and behaviour. The total amount paid to Victoria Police (excluding GST) amounted to \$5.9 million in 2020/21 (2020: \$13.6 million).

Mr. Greg Wilson was the Chair of the Victoria State Emergency Service during the financial year and was appointed Chair of the Country Fire Authority from 21 July 2020. The TAC makes quarterly payments every year to the Victoria State Emergency Service and the Country Fire Authority for Road Accident Rescue services provided to the Victorian Community, in line with requirements under the *Transport Accident Act 1986*. The total amount paid to the Victoria State Emergency Service (excluding GST) in 2020/21 amounted to \$4.1 million (2020 part year: \$0.9 million). The total amount paid to the Country Fire Authority (excluding GST) from 21 July amounted to \$2.7 million (2020: not applicable).

Conflicts of interest are overcome where warranted, by Directors declaring their interests and abstaining from voting at the TAC's Board meetings.

Significant transactions with key management personnel and other related parties

Transactions between key management personnel and other related parties have been considered, and there are no matters to report.

Other transactions

Other related transactions requiring disclosure under the Directions of the Assistant Treasurer have been considered and there are no matters to report.

8.4 Motorcycle road safety reserve

The TAC premiums for certain motorcycle classes include an additional levy collected annually to fund special projects to improve motorcycle road safety in Victoria. These monies are set aside in the Motorcycle Road Safety Reserve specifically set up for this program. The program expenditure is developed by the Victorian Motorcycle Advisory Council (made up of representatives from the State's main road safety agencies, the RACV and motorcyclist interest groups) and administered by VicRoads which seeks reimbursement for expenditure from the TAC.

8.5 Commitments and contingencies

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed if quantifiable and are measured at nominal value inclusive of GST. There are no material contingencies for the year ended 30 June 2021 (2020: nil).

Commitments include operating expenditure commitments arising from non-cancellable contractual sources and are disclosed at their nominal value inclusive of GST.

Administrative Expenditure

	2021 \$000	2020 \$000
Administrative expenditure contracted at balance date, but not provided for:		
– not later than one year	226,730	284,825
– later than one year but not later than five years	349,849	451,002
– later than five years	4,391	6,461
	580,970	742,288

Included in the administrative expenditure is a total amount of \$458 million (nominal) of commitments by the TAC to provide funding for major road safety infrastructure programs (SSRIP) in Victoria (2020: \$666 million (nominal)).

8.6 Controlled entity

Residential Independence Pty Ltd (RIPL) as trustee for the Residential Independence Trust (RIT) is a controlled entity of the TAC which is wholly owned by the TAC. The RIT was established on 1 February 2011. The RIPL was incorporated in Victoria, Australia on 21 December 2010 and its principal activity is to establish a portfolio of residential property configured so that the accommodation is suitable for TAC's seriously injured clients.

The result of RIT is not consolidated in the financial statements as the impact of consolidation is not considered as material. The valuation included in the financial statements is the cost of the units held as at 30 June 2021 by the TAC which are 36,600,000 ordinary units issued at \$1 each, fully paid.

At 30 June 2021, the total assets of the RIT for which RIPL acts in the capacity of the trustee are \$38.819 million (2020: \$35.224 million) and total liabilities are \$0.080 million (2020: \$0.055 million)

The total result of the RIT for which RIPL acts in the capacity of the trustee for the financial year ended 30 June 2021, is a total comprehensive profit for the year of \$3.570 million (2020: profit of \$0.315 million) which comprises of income of \$1.129 million (2020: \$0.793 million), other comprehensive income of \$3.833 million (2020: \$1.066 million) and total expenses of \$1.392 million (2020: \$1.544 million).

8.7 Events after reporting date

Subsequent to the reporting date, the financial markets have reacted to recent economic conditions leading to a decrease in the weighted average discount rate.

Based on the latest estimates provided by the independent actuaries, the movement in the weighted average discount rate between the reporting date and the date of signing the financial statements have increased the TAC's outstanding claims liability by approximately \$1.1 billion.

The effects of the above post reporting date event have not been recognised in the financial statements for the year ended 30 June 2021.

8.8 Application of standards not yet effective

The AASB has issued the following new, or amendments to, Australian Accounting Standards which are applicable to the TAC. These amendments are not effective for the annual reporting period ended 30 June 2021 and have not been applied in preparing the TAC's financial report.

The nature of the application of these standards could impact the classification and measurement of balances in the financial report. The extent of any impact of AASB 17 *'Insurance Contracts'* has not yet been determined. As at 30 June 2021, the operative date has not yet been advised.

	Title	Operative Date
AASB 17	Insurance Contracts	To be advised

Corporate Governance

This statement covers the main corporate governance practices that ensure the TAC is managed to achieve its mission, meet commitments to stakeholders and operate commercially.

Chair

Greg Wilson

Appointed March 2019
Re-appointed November 2020

Board of management

Jane Brockington

Appointed October 2017
Re-appointed November 2020

James Flintoft

Appointed July 2019

David Heath

Appointed February 2017
Re-appointed February 2020

Louisa Hudson

Appointed August 2016
Re-appointed August 2019

Julia Mason

Appointed August 2016
Re-appointed August 2019

Sharon McCrohan

Appointed December 2019

John Merritt

Appointed October 2018

Dr Samantha Smith

Appointed February 2017
Re-appointed February 2020

The Chair and the Board are nominated by the Assistant Treasurer and the Minister for Roads and Road Safety and appointed by the Governor in Council.

There are presently nine non-executive directors, including the Chair.

The Board has established clearly defined accountabilities and delegations for the Chief Executive Officer.

Policies and procedures cover all aspects of the TAC's activities and are reviewed regularly to ensure that the TAC achieves its objectives regarding:

- Compliance with applicable laws and regulations
- Reliability of financial reporting
- Safeguarding of assets
- Effectiveness and efficiency of operations.

Directors' access to independent professional advice

Directors are entitled to seek independent professional advice in connection with their duties at the TAC's expense, unless determined otherwise by the Board.

Conflict of interest

If a director has a direct or indirect interest in a matter being considered by the Board and the interest could conflict with the proper performance of the director's duties in relation to the consideration of the matter, the director, as soon as practicable after the relevant facts come to the director's knowledge, must disclose the nature of the interest at a meeting of the Board.

If the Board considers the conflict to be material, the director will leave the meeting for the duration of the relevant agenda item and consequently will not participate in the discussion or resolution of the matter.

The director's absence from the meeting for the relevant agenda item is recorded in the minutes of the meeting.

Board committees

Risk Committee

Members at 30 June 2021:
Louisa Hudson (Chair up to October 2020), Jane Brockington (Chair from October 2020), James Flintoft (up to August 2020), Sharon McCrohan, John Merritt (from October 2020), Dr Samantha Smith and Greg Wilson all of whom are independent persons for the purpose of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994* (Vic).

The purpose of the Risk Committee is to assist the Board to fulfil its oversight responsibilities relating to:

- the implementation, operation and adequacy of the risk management and internal control framework that the TAC uses to identify and manage key business, financial, fraud and regulatory risks
- the TAC's compliance with relevant laws, regulations, standards and codes including the Victorian Government Risk Management Framework.

Audit Committee

Members at 30 June 2021:

David Heath (Chair), Jane Brockington (up to August 2020), James Flintoft (from August 2020), Louisa Hudson (from October 2020), Julia Mason, John Merritt (up to October 2020) and Greg Wilson all of whom are independent persons for the purpose of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994* (Vic).

The purpose of the Audit Committee is to assist the Board to fulfil its oversight responsibilities relating to:

- the integrity, effectiveness and quality of the TAC's financial reporting and disclosures
- the effectiveness of the TAC's risk management framework
- the independence, work plan and effectiveness of the TAC's External Auditor
- the External Auditor's annual audit of the TAC's financial statements
- the qualifications, engagement, fees, scope of work and effectiveness of the TAC's Internal Audit function
- the TAC's compliance with relevant laws, regulations, standards and codes including the 'Prudential Insurance Standard for Victorian Government Insurance Agencies', the 'Prudential Standard: VFMC and the Centralised Investment Model', the *Financial Management Act 1994* (Vic) and the Standing Directions of the Minister for Finance under the *Financial Management Act 1994* (Vic).

People, Culture and Remuneration Committee (formerly the Remuneration Committee)

Members at 30 June 2021:

Greg Wilson (Chair up to October 2020 and member from November 2020), Jane Brockington (up to October 2020), James Flintoft (up to October 2020), David Heath (up to October 2020), Louisa Hudson (Chair from October 2020), Julia Mason (up to October 2020), Sharon McCrohan, John Merritt and Dr Samantha Smith, all of whom are independent persons for the purpose of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994* (Vic).

The People, Culture and Remuneration Committee's primary roles and responsibilities cover the following areas: People and Culture, Workforce Strategy, Diversity and Inclusion, Health, Safety and Wellbeing, Remuneration Policy, Annual Remuneration Review, Compliance, People Risks and Disclosure.

Board Workshop Advisory Committee

The Board Workshop Advisory Committee was disbanded in October 2020.

Prudential standards

The Board is required to submit annual confirmations or attestations of compliance with the 'Prudential Insurance Standards for Victorian Government Insurance Agencies' and the 'Prudential Standard: Victorian Funds Management Corporation and the Centralised Investment Model'.

These standards impose obligations regarding governance, strategic planning, liability reserving, capital management, pricing, reinsurance, actuarial review, breach reporting, risk management, outsourcing, fit and proper requirements and the setting of appropriate investment objectives for TAC funds.

Certifications or attestations have been issued by the Board for the year ending 30 June 2021.

Risk management

The TAC has in place a risk management framework to ensure effective identification, assessment and management of risks. That framework details the roles of the Board and its committees, management and the internal auditor. The Board is responsible for setting the risk appetite for the organisation to guide management in their decision making.

The Risk Committee oversees the framework and is responsible for ensuring the effectiveness of the design and implementation of control strategies and operational practices.

Compliance with the Victorian Government Risk Management Framework

Ministerial Standing Direction 3.7.1 of the *Financial Management Act 1994* (Vic) requires public sector agencies to provide an annual attestation of compliance with the risk management process requirements set out in the Victorian Government Risk Management Framework.

The TAC Risk Committee has considered the Statement by the Chief Executive Officer on compliance with the Victorian Government Risk Management Framework, the Executive Leadership Team internal attestation process and independent assessments from Internal Audit.

On this basis, I certify that the TAC has complied with the Ministerial Standing Direction 3.7.1 – Risk Management Framework and Processes. The TAC Risk Committee has verified this.



Greg Wilson
CHAIR

Compliance

This section includes the disclosures required by the *Financial Management Act 1994* and the *Transport Accident Act 1986* (the Act).

Incorporation and ministerial responsibility

The TAC is a body corporate established under section 10 of the Act (No. 111 of 1986, Version No. 150 incorporating amendments as at 26 September 2018). The Act sets out the objectives, functions and powers of the TAC.

Under the General Order dated 22 June 2020, the Minister for Roads and Road Safety is responsible for the *Transport Accident Act 1986*, except:

- Sections 11-14 in so far as they relate to the Transport Accident Commission's budget, financial report and management of the Transport Accident Fund (in so far as they relate to those matters, these are jointly administered with the Assistant Treasurer); and
- Sections 29, 29A and 29B (these sections are jointly administered with the Assistant Treasurer).

Ministerial directions

There were no ministerial direction given by the Minister for Roads and Road Safety in the period 1 July 2020 to 30 June 2021.

The TAC's objectives, functions, powers and accountability

Sections 11, 12, 13 and 14 of the Act set out the objectives, functions, powers and accountability of the TAC.

Objectives of the Commission (section 11)

- To manage the transport accident compensation scheme as effectively, efficiently and economically as possible
 - To ensure that appropriate compensation is delivered in the most socially and economically appropriate manner and as expeditiously as possible
 - To ensure that the transport accident scheme emphasises accident prevention and effective rehabilitation
 - To develop such internal management structures and procedures that will enable it to perform its functions and exercise its powers effectively, efficiently and economically
 - To manage claims under the *Accident Compensation Act 1985* or the *Workplace Injury Rehabilitation and Compensation Act 2013* as an authorised agent of the Victorian WorkCover Authority as effectively, efficiently and economically as possible
 - If appointed as an agent of a self-insurer under section 392 of the *Workplace Injury Rehabilitation and Compensation Act 2013*, to carry out the functions and powers of a self-insurer as effectively, efficiently and economically as possible.
- To pay compensation to persons entitled to compensation
 - To determine transport accident charges
 - To collect and recover transport accident charges
 - To provide advice in relation to the transport accident scheme
 - To provide funds for the program referred to in subsection (3) (designed to secure the early and effective medical and vocational rehabilitation of persons injured as a result of transport accidents) and for other rehabilitation programs for persons injured in transport accidents
 - To collect and assess data and statistics in relation to transport accidents
 - To provide advice to the Minister in relation to matters specifically referred to the Commission by the Minister and generally in relation to the administration of this Act and the compensation scheme under this Act
 - To commercially exploit knowledge and expertise in compensation schemes and scheme administration
 - To act as an authorised agent under section 501 of the *Workplace Injury Rehabilitation and Compensation Act 2013*
 - If appointed, to act as an agent of a self-insurer under section 392(2) of the *Workplace Injury Rehabilitation and Compensation Act 2013*
 - To carry out such other functions conferred on the Commission by this or any other Act
 - To promote the prevention of transport accidents and safety in the use of transport

Functions of the Commission (section 12)

- To administer the Transport Accident Fund
- To receive and assess, and accept or reject, claims for compensation
- To defend proceedings relating to claims for compensation

- To design and promote, so far as possible, a program designed to secure the early and effective medical and vocational rehabilitation of people injured as a result of transport accidents to whom or on behalf of whom the Commission is or may become liable to make any payment under the Act.

Powers of the Commission (section 13)

- To do all things that are necessary or convenient to be done for, or in connection with, the performance of its functions and to enable it to achieve its objectives
- To enter into agreements or arrangements and settle or compromise differences or disputes with other persons
- To apply for, obtain and hold intellectual property rights (including patents, copyrights, trade-marks and registered designs)
- To enter into agreements or arrangements for the commercial exploitation within or outside Victoria of intellectual property rights and ancillary services on any terms or conditions as to royalties, lump sum payments or otherwise as the Commission may see fit
- To enter into agreements or arrangements within or outside Victoria for the provision by the Commission of administration, management or information systems or services
- To do all things necessary or convenient to be done in connection with acting as an authorised agent of the Victorian WorkCover Authority under section 501 of the *Workplace Injury Rehabilitation and Compensation Act 2013* and as an agent of a self-insurer under section 392(2) of that Act.

Accountability of the Commission (section 14)

The Commission must perform its functions and exercise its powers subject to the general direction and control of the Minister and in accordance with any specific written directions given by the Minister in relation to a matter or class of matters specified in the directions.

If the Commission is given a written direction, the Commission may cause the direction to be published in the Government Gazette and must publish the direction in its next annual report.

Legislation

There were no legislative changes made to the *Transport Accident Act 1986 (Vic)* in the period from 1 July 2020 to 30 June 2021.

Subordinate legislation

Regulations

In the period from 1 July 2020 to 30 June 2021 the following regulations were made:

The *Transport Accident (Administration of Charges) Regulations 2021* came into operation on 23 May 2021. The Regulations provide the framework to collect and refund the TAC Charge including the periods and time for payment. The TAC Charge is a mandatory charge under the *Transport Accident Act 1986 (Vic)* and provides TAC coverage for Victorian motorists and other parties injured or killed in a traffic accident involving that vehicle. The TAC Charge is collected by VicRoads on behalf of the TAC.

Orders in Council

There was one Order in Council in the period from 1 July 2020 to 30 June 2021.

The *Transport Accident Charges Order (No. 1) 2021* was published in the Government Gazette on 20 May 2021 (No. G20 on 20 May 2021).

The objective of this order is to prescribe the charges applicable to all classes of motor vehicles that are to apply from 1 July 2021 for the 2021–2022 financial year. The effect of the order was to index the transport accident charges for the year commencing 1 July 2021.

Ministerial Orders

There were no Ministerial Orders in the period from 1 July 2020 to 30 June 2021.

The Public Interest Disclosures Act 2012

The TAC encourages the reporting of known or suspected incidences of improper conduct and corruption by the TAC or its officers, employees or agents. As the TAC is not able to receive protected disclosures, employees can make disclosures directly to the Independent Broad-based Anti-Corruption Commission (IBAC). Disclosures to IBAC are protected. Members of the public who are clients of the TAC or users of the services provided by the TAC can also make disclosures to IBAC.

Disclosures can also be made to the employee's manager, the Chief Financial Officer, the Head of People and Culture or to the TAC's Public Interest Disclosure Co-ordinator. Such disclosures are not automatically protected.

The TAC has procedures in place to support and protect disclosers and to prevent detrimental actions being taken against them by officers, employees or agents of the TAC.

The TAC's Chief Executive Officer has a mandatory obligation to report matters of suspected corrupt conduct to IBAC.

National Competition Policy

Review of Legislative Restrictions

In accordance with its National Competition Policy commitments, the Government commissioned a review of Victoria's transport accident compensation legislation in September 2000. The review identified three main restrictions on competition: the compulsory nature of the scheme, the TAC as a legislated monopoly and centralised premium setting. To address centralised premium setting, the Finance Minister now has discretion to request the Essential Services Commission to provide an independent review of the TAC's proposed premium each year.

Competitive Neutrality

Under Competitive Neutrality policy, the TAC is listed as a significant business enterprise. In accordance with this policy, the TAC pays the full suite of Commonwealth and State taxes or tax equivalents. The TAC is not a net borrower in its own right and therefore is not subject to the Financial Accommodation Levy.

Local jobs first standard projects

During 2020–2021, the TAC commenced six statewide standard project contracts and two regional standard project contracts with a total combined estimated value of \$4.6 million for which a Local Industry Development Plan (LIDP) was required.

The Major Projects Skills Guarantee was not required to apply to any TAC projects.

Across the standard project contracts, an estimated 12 local jobs will be retained, approximately three Small to Medium Enterprises (SMEs) will be engaged in the supply chain, and the estimated local content across the projects is 99%.

The Local Content committed for statewide standard project contracts is 100%, and 97% for regional standard project contracts.

No contracts with an LIDP or Victorian Industry Participation Plan (VIPP) were completed during 2020–2021. The TAC had no Strategic Projects during 2020–2021.

Social Procurement

The TAC Social Procurement Strategy recognises the importance of generating wider social and environmental benefits through our procurement. The strategy has three priority objectives:

- Sustainable Victorian regions – Job readiness and employment for people in regions with entrenched disadvantage.
- Environmentally sustainable outputs – Project specific requirements to use sustainable resources and to manage waste and pollution.
- Sustainable Victorian social enterprise and Aboriginal business sectors – Purchasing from Victorian social enterprises and Aboriginal businesses.

During 2020–2021, the TAC engaged a supplier, which has committed to employ six Victorians from disadvantaged groups and include local social enterprises in its supply chain.

The TAC has also continued to directly engage local social benefit suppliers in the disability sector, engaging three suppliers for catering and training services, during 2020–2021 with a total spend of approximately \$20,000.

The TAC will continue to find opportunities to deliver social benefit through its procurement and achieve value for money.

Public sector values and employment principles

The TAC has a number of initiatives in place to ensure the highest possible standard of integrity and conduct throughout the business, as per the values, principles and conduct outlined by the Victorian Public Sector Commission (VPSC).

Our commitment to meeting the public sector values and employment principles set out in the *Public Administration Act 2004* is enacted through our policies, procedures and employee training modules which reflect these principles. Our intranet remains a central source of information relating to public sector conduct and the Victorian Public Service employment principles as well as our employee training modules and advice provided by our People and Culture team.

Consultants and information

Consultancies (>\$10,000)	Description of work	Total approved project fee \$000	2020/21 expenditure \$000	2019/20 expenditure \$000	Future expenditure \$000
Nous Group	TAC Diversity and Inclusion Review	141	44	97	–
Nous Group	TAC's Beyond 2020 Corporate Strategy	800	46	736	–
KPMG	Disability Accommodation Market and RIPL Housing Review	381	22	346	–
Deloitte Touche Tohmatsu	Grant Programs Review	94	66	28	–
Accenture	New Financial Management System Options	98	98	–	–
Tiamanno Consultants	TAC Reconciliation Action Plan (RAP)	18	18	–	–
PwC Indigenous Consulting	TAC Reconciliation Action Plan (RAP)	57	–	–	57
PwC	Data Analytics & Governance Review	143	143	–	–
PwC	Review of Information & Privacy, Disputes Resolution and Complaints Teams	193	193	–	–
PwC	Review of Claims Legal Branch	140	140	–	–
EY	HSW Maturity Assessment	60	54	–	–
KPMG	Strategic Framework for TAC's Marketing and Communications Functions	48	48	–	–

During 2020/21, there were twelve consultants engaged where the cost of each individual engagement was in excess of \$10,000.

There were no other consultants engaged during the year where the total cost was less than \$10,000 per individual engagement.

Total approved project fees and expenditure for 2020/21 exclude GST.

Information Communication Technology Expenditure

For the 2020/21 reporting period, TAC had a total ICT expenditure of:

(\$ million) BAU ICT Expenditure Total	Non-BAU ICT Expenditure Total = A + B	Operational expenditure A	Capital expenditure B
35.2	7.3	2.1	5.2

ICT expenditure refers to the TAC's costs in providing business-enabling ICT services. It comprises of Business As Usual (BAU) ICT expenditure and Non-Business As Usual (Non-BAU) ICT expenditure. Non-BAU ICT expenditure relates to extending or enhancing the TAC's current ICT capabilities. BAU ICT expenditure is all remaining ICT expenditure (including depreciation and amortisation) which primarily relates to ongoing activities to operate and maintain the current ICT capability.

Environmental performance

The TAC remains committed to introducing environmentally sustainable initiatives aimed at reducing waste and improving resource efficiency.

Through our Social Procurement Strategy, the TAC has committed to supporting organisations and practices that use sustainable resources, aim to conserve energy and water, minimise habitat and environmental destruction and demonstrate sound recycling, waste and pollution management.

Building Act 1993

The TAC's policy with respect to new building works, and alterations to existing buildings, is to comply with the *Building Act 1993* as though the TAC were not exempt from compliance as a public authority (this is provided for in section 217 (3) of the *Building Act 1993*).

Some premises occupied by the TAC may have been constructed or altered under exemptions for public bodies which applied at the time.

The TAC is unaware of any material non-compliance with the current building standards for buildings of their nature and age.

Disability Action Plan

The TAC's disability action plan (DAP), launched in 2018, not only outlines how we will interact with clients and providers, but also with our employees and the wider Victorian community to become a more inclusive organisation.

The TAC DAP is compliant with the *Disability Act 2006*, and focuses on three pillars, "Access", "Employment" and "The Community", with key focus areas under each pillar.

Our commitment to equal opportunities for employees and candidates with a disability is demonstrated through our status as a Disability Confident Recruiter.

The Carers Recognition Act 2012

The TAC has taken all practical measures to comply with its obligations under the *Carers Recognition Act 2012*. These include considering the carer relationships principles set out in the Act when setting policies which affect employees in care relationships. The TAC's employment policies include the provision of carers leave, flexible working hours, purchased leave and the ability to work from home, which comply with the statement of principles in the Act.

Miscellaneous disclosure

To the extent applicable, the information required under Financial Reporting Direction 22 issued by the Minister for Finance under Section 8 of the *Financial Management Act 1994* has been prepared and is available on request.

Advertising and Communications Disclosure

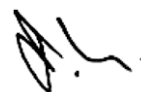
Transparency in advertising and communications guidelines introduced in July 2012 make it mandatory for State Government organisations to disclose expenditure for campaigns with a total media buy of more than \$100,000.

The TAC works closely with the Department of Transport, our road safety partners including Victoria Police, and health and disability stakeholders in developing public education campaigns that engage the broader Victorian community in road safety issues and lead to improved understanding, behaviours and ultimately, fewer deaths and serious injuries.

Significant research and planning underpins the development of these campaigns to ensure they are evidence-based and relevant.

Financial Management Compliance Attestation Statement

I, Joe Calafiore, on behalf of the Responsible Body, certify that the Transport Accident Commission has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Joe Calafiore
CHIEF EXECUTIVE OFFICER

Freedom of information

The Transport Accident Commission (TAC) is subject to the *Freedom of Information Act 1982* and not subject to direct access provisions in the *Privacy & Data Protection Act 2014* or the *Health Records Act 2001*.

The TAC stores most information electronically with a high volume of documents being created, stored and updated on a claims management system. Business and financial information is also mainly stored electronically. A small amount of aged information can still be found in paper format or on microfiche.

In the 2020–2021 financial year, the TAC received 1,789 Freedom of Information (FOI) requests in total. Sixteen of these requests were not from clients or their representatives for claim related information. This is a slight increase from 2019–2020, in which TAC received a total of 1,734 requests.

Of the 1,687 decisions made in 2020–2021 (some carried over from the previous financial year), 1,125 were made within the requirements of section 21 of the FOI Act (30 days). The remaining 562 decisions were made outside the 30 day timeframe. This is a 68% compliance rate with the statutory deadline.

There have not been any requests for amendments to personal records.

Privacy

The TAC is an agency subject to the *Privacy and Data Protection Act 2014* and the *Health Records Act 2001*. These Acts are used cohesively to govern privacy protection around personal and health information.

The TAC's Information & Privacy Team have been assessing all business wide privacy incidents and breaches since May 2016.

In the 2020–2021 financial year, the TAC has continued to raise awareness amongst staff regarding the importance of reporting privacy issues, resulting in an increase of reported privacy incidents and enquiries from the business.

The TAC considers a 'privacy incident' to be a release of information in error that has been rectified (e.g. documents were sent to the wrong recipient and securely destroyed or returned), or an upload error (e.g. documents saved to an incorrect claim file) that has been contained. A 'privacy breach' is where a breach has occurred and has not been successfully contained (e.g. documents were sent to the wrong recipient and were not returned to the TAC).

In the 2020–2021 financial year the TAC responded to 17 formal privacy complaints. Formal complaints are written complaints received from the individual directly concerned or via the Office of the Victorian Information Commissioner (OVIC).

Medical reports for common law purposes

To facilitate clients in receiving legal advice, the TAC will, on request or as part of its agreed protocols, provide copies of medical reports commissioned by the TAC, independently of its normal FOI access arrangements.

Requests for access to medical reports should be directed to the relevant TAC claims officer or, where the reports relate to impairment assessments, to the relevant impairment officer. There is no fee for access to documents under this policy.

Subpoenas

All subpoenas should be addressed to 'The Authorised Person' and must be personally served on an authorised officer at the TAC's offices at 60 Brougham Street, Geelong. The TAC prefers to have a minimum of 14 days' notice prior to the return date of the subpoena.

Details of government advertising expenditure (campaign with a media spend of \$100,000 or greater)

Campaign	Campaign Summary
Seatbelt Safety 'Bend your knees Katie'	In 2019, 31 Victorians were killed not wearing a seatbelts, and in the 18–19 FY 13,000 Victorians were fined for not wearing a seatbelt. 2020 also marked the 50 year anniversary since the mandatory seatbelt wearing legislation in Victoria. This campaign reprised the 1992 'Bend Your Knees Katie' TVC with a refreshed tagline. The campaign questioned the audience as to what's stopping them from simply wearing seatbelt. The campaign launched across TV, Out-of-home (OOH), digital, press and social channels.
Distracted Driving 'On your phone? You're driving blind'	About a third of Victorians admit to using their phone illegally while driving and the most common behaviour admitted to is reading texts. The first step to behaviour change is to overcome drivers' denial that they are putting themselves, and others in danger with a two second glance at a text. This campaign used TV, radio, outdoor and print to convey this message.
Holiday Enforcement 'The lucky ones get caught'	This campaign declares that the purpose of police enforcement on Victorian roads is to keep everyone safe while reminding all road users to remain vigilant because the consequences of not doing so can be devastating. The campaign addresses three key risky driving behaviours, speed, mobile phone use and drinking while driving. Speed is a factor in 30% of crashes, approximately 15% of fatally injured drivers and riders over the past 5 years had illegal blood limits and 31% of Victorians admit to using a mobile phone illegally while driving. The campaign launched across TV, OOH, radio, digital, press and social media.
Cycling 'Give the space for cyclists to ride safely'	In April 2021, a new minimum safe passing distance law was passed. The new law outlined the minimum safe passing distances drivers are required to give cyclists when passing them. This campaign reprised the 'Drivers, give cyclists the space to ride safely' campaign to inform the community of the new law and to inform the community of the safe passing distances; one metre minimum passing distance on roads with speed limits of 60km/hr and below, and, 1.5 metres on roads with speed limits in excess of 60km/hr. This campaign used TV, radio, regional press, road side billboards, small format ooh, digital activity and social media to share this information with the community.
Young drivers – night time driving 'Parental Control'	Probationary drivers in their first year of driving (P1 drivers) are 7 times more likely than fully licenced drivers to be involved in a fatal or serious injury crash when driving at night. Furthermore, when they start driving, P1 drivers are 20 times more likely to crash than fully licenced drivers. This campaign supports the legislated increase from 10 to 20 night-time driving hours required of learner drivers before receiving their probationary licence. The campaign reached parents via catch-up TV, radio, small format OOH, digital activity, social media and a direct mail-out letter.
Holiday Enforcement 'The lucky ones get caught'	This campaign declares that the purpose of police enforcement on Victorian roads is to keep everyone safe while reminding all road users to remain vigilant because the consequences of not doing so can be devastating. The campaign addresses three key risky driving behaviours, speed, mobile phone use and drinking while driving. Speed is a factor in 30% of crashes, approximately 15% of fatally injured drivers and riders over the past 5 years had illegal blood limits and 31% of Victorians admit to using a mobile phone illegally while driving. The campaign ran across the Easter holiday period across TV, OOH, radio, digital, press and social media.
Large Format Outdoor Billboards	The TAC's extensive outdoor network provides important 'point of sale' messaging to regional and metropolitan road users at the time it is most relevant to them. Increasingly, new sites with digital capabilities are being added to TAC's portfolio to enable more efficient change over of messaging.
'SEM (Search Engine Marketing) Digital Continuity'	This 'always on' online activity drives traffic to TAC's owned websites and landing pages to help educate road users about safe driving practices and road laws. Search Engine Marketing helps increase the search ability and accessibility of road safety information provided online by TAC. The activity utilises an ongoing program of search marketing/Google AdWords activity for road safety issues.
Media partnerships	The TAC has a number of annual partnerships that fall outside the traditional media landscape. These partnerships offer communication opportunities to highly targeted audiences and allow us to tailor messages for increased relevancy. Partnerships include: Croc Media, Convenience Advertising in pubs and clubs, Tonic Media in doctors surgeries and pharmacies, IGA community supermarkets, AFL stadium signage and a TLA partnership.
New Vehicle Safety Campaign	The TAC are developing an integrated marketing and communications Vehicle Safety campaign, specifically focusing on raising awareness and demonstrating the life-saving benefits of the Lane Keep Assist technology.
New Motorcycles Campaign	The TAC are developing an integrated marketing and communications Motorcycle Safety campaign. Motorcycle riders have 38 times the risk of death or serious injury in a road crash, regardless of fault. This campaign aims to reach all motorcyclists in an effort to motivate riders to wear protective gear on all rides to reduce the severity of their injuries in a crash.
Low-Level Speeding	The TAC are developing an integrated marketing and communications low-level speed campaign. 79% of speeding related crashes in Victoria could be attributed to low-level speeding. The campaign will focus on low-level speeding and the seriousness of the issue and ask Victorians to stop low-level speeding.

	Start Date	End Date	Advertising (Media) Expenditure 2020–2021 Excluding GST	Creative and campaign development expenditure 2020–2021 Excluding GST	Research Expenditure* 2020–2021 Excluding GST
	1-Jul	19-Jul	\$587,924.00	\$0 (Production was spent in 2019–2020 FY)	PEEP only (Public Education Evaluation Program)
	15-Oct	15-Nov	\$689,962.00	\$103,012.00	PEEP only
	21-Dec	31-Jan	\$967,882.00	\$1,460,269.00	\$102,100
	8-Mar	9-May	\$800,000.00	\$399,271.00	\$22,000
	12-Apr	9-May	\$230,142.00	\$285,036.00	\$27,400
	22-Mar	18-Apr	\$569,904.00	\$232,294.00	PEEP only (Public Education Evaluation Program)
	1-Jun	30-Jun	\$5,049,985.00	N/A	N/A
	1-Jul	30-Jun	\$250,000.00	N/A	N/A
	1-Jul	30-Jun	\$1,256,413.00	N/A	N/A
	Campaign in Development	Campaign in Development	N/A	\$638,118.00	\$39,300.00
	Campaign in Development	Campaign in Development	N/A	\$624,010.00	\$65,250.00
	Campaign in Development	Campaign in Development	\$32,154.00	N/A	\$80,300.00
			\$10,434,366	\$3,742,010	\$336,350.00

Occupational health and safety

The TAC is committed to ensuring the safety of our staff and has implemented important Occupational Health and Safety initiatives across the business to enhance safety performance and ensuring safe working systems.

Incident management

Reported incidents across the TAC increased per 100 FTE in 2020–2021. These incidents include employee injuries, client/stakeholder behaviours of concern (BOC) and workplace hazards and near miss. This increase was anticipated and is attributable to a deliberate and comprehensive campaign aimed at helping employees to better understand what constitutes an incident and to actively report them – no matter how small.

The following details our performance against key OH&S performance measures.

Total employee numbers: 1067.4 FTE

Incident breakdown	2019–20	2020–21
Total incidents	608	725
Incidents per 100 FTE	61.06	72.5
Total hazards & near miss	77	20
Hazards & near miss per 100 FTE	7.73	2
Total client/stakeholder behaviours of concern (BOC)	470	500
Client/stakeholder behaviours of concern (BOC) per 100 FTE	47.2	50
Total employee injuries	61	205
Employee injuries per 100 FTE	6.13	20.5

WorkCover claims and return to work

The number of WorkCover claims in 2020–2021 increased to thirteen (13). The average claim cost was \$58,683 which represents costs paid to date, and doesn't include forecasted claim costs.

Incident breakdown	2019–20	2020–21
Total claims (standardised)	8	13
Claims rate per 100 FTE	0.8	1.3
Number of time lost claims	7	8
Time lost claims per 100 FTE	0.1	0.1
Number of 13 week claims	3	0
13 week claims per 100 FTE	0.3	0
Number of fatality claims	0	0
Number of claims with return to work plans initiated	4	9

There have been zero days lost to industrial relations accidents or disputes.

Additional information available on request

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of items listed below have been retained by the TAC and are available on request, subject to the provisions of the *Freedom of Information Act 1982*.

- statement that declaration of pecuniary interests have been duly completed by all relevant officers
- details of shares held by a senior officer as nominee, or held beneficially in a statutory authority or subsidiary
- details of publications produced by the TAC about the TAC and how these can be obtained
- details of changes in prices, fees, charges, rates and levies charged by the TAC
- details of any external reviews carried out by the TAC
- details of major research and development activities undertaken by the TAC
- details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
- details of major promotional, public relations and marketing activities undertaken by the TAC to develop community awareness of the TAC and its services
- list of major committees sponsored by the TAC, the purpose of each committee and the extent to which the purposes have been achieved
- details of all consultancies and contractors
- details of time lost through workplace accidents and disputes
- details of Machinery of Government (MoG) costs to the TAC.

The information is available on request from:

Freedom of Information Manager

Victorian Transport Accident Commission (TAC)
PO Box 742
Geelong VIC 3001

Email: foi@tac.vic.gov.au

Additional information included in the TAC 2020–2021 Annual Report:

Details in respect of the following item has been included in this report, on the page indicated below:

Details of assessments and measures undertaken to improve the occupational health and safety of employees (on page 102).

Publications

The TAC produces and makes available an extensive list of publications, brochures and other resources to assist our clients and the general public to better understand our organisation and what we offer. These are chiefly housed on our website: tac.vic.gov.au

They include, but are not restricted to:

Description	Mode of access
Supporting you after a transport accident	Copy/Internet
Annual Transport Accident charges including GST and duty	Internet
TAC privacy charter	Internet
TA hospital discharge checklist	Internet
TAC post hospital support	Internet
TAC impairment benefits	Copy/Internet
TACLink – contact numbers to speak to the TAC in your own language	Internet
Pain education and management	Internet
Road Safety Statistical Summary	Internet
Safe travel policy	Internet
TAC Annual Reports	Copy/Internet
TAC client service charter	Internet
TAC Enterprise Agreement 2017-2021	Copy
TAC fee schedules	Internet
TAC research charter	Internet
TAC support when a person dies	Copy/Internet
Freedom of information	Internet
The TAC's complaints process	Internet
4th Edition Impairment Examinations Information	Manual copy
Victorian Road Safety Strategy	Internet
Victorian Road Safety Action Plan 2021-2021	Internet

Access to information online

The TAC's corporate website (tac.vic.gov.au) includes information about the TAC, its claim policies, fees and benefit entitlement information for the public, clients, providers and key stakeholder groups. It also includes road safety initiatives, statistics and stories relating to road safety.

Access to information for specific campaigns and target audiences can be found at:

Websites

TAC

tac.vic.gov.au

Vanessa

vanessa.com.au

Road to Zero

roadtozero.vic.gov.au

Spokes

spokes.com.au

Meet Graham

meetgraham.com.au

How Safe is Your Car

howsafeisyourcar.com.au

Safer P Platers

saferpplaters.com.au

It's People Like Us

itspeoplelikeus.com.au

Road Safety Education Website

roadsafetyeducation.vic.gov.au

DriveSmart website

drivesmart.vic.gov.au

Ride Ready website

ridesmartonline.com.au

Social media

Facebook

facebook.com/transportaccidentcommission

YouTube

youtube.com.au/tac

Twitter

[@TACVictoria](https://twitter.com/TACVictoria)

LinkedIn

linkedin.com/company/transport-accident-commission

Instagram

instagram.com/tacvictoria

In addition, the TAC provides information via its client and health provider digital platforms:

myTAC, the TAC's app and web portal, allows clients to manage their TAC claim online.

LanternPay, the TAC's online payment platform, gives TAC providers the option to send digital invoices for payment.

Research information

Requests for information for research purposes should be directed in the first instance to the Research Branch inbox: research@tac.vic.gov.au

The request must be in writing, setting out the research purposes for which the information will be used and a definition of the data requested.

Disclosure index

The TAC Annual Report is prepared in accordance with all relevant Victorian legislations. This index has been prepared to facilitate identification of TAC compliance with statutory disclosure requirements.

Ministerial Directions Legislation	Requirement	Page reference
Report of Operations		
<i>Charter and purpose</i>		
FRD 22I	Manner of establishment and the relevant Minister	94
FRD 22I	Objectives, functions, powers and duties	94–95
FRD 22I	Key initiatives and projects	8
FRD 22I	Nature and range of services provided	10–37
<i>Management and structure</i>		
FRD 22I	Organisational structure	3
<i>Financial and other information</i>		
FRD 10A	Disclosure index	106–107
FRD 22I	Summary of the financial results for the year	7
FRD 22I	Major changes or factors affecting performance	*
FRD 22I	Significant changes in financial position during the year	56
FRD 22I	Subsequent events	91
FRD 22I	Details of consultancy expenditure	97
FRD 22I	Application and operation of the <i>Public Interest Disclosure Act 2012</i>	95
FRD 22I	Statement of National Competition Policy	96
FRD 22I	Occupational health and safety policy	102
FRD 22I	<i>Application of the Carers Information Act 2012</i>	98
FRD 22I	Employment and conduct principles	96
FRD 22I	Disclosure of government advertising expenditure	100
FRD 22I	Disclosure of ICT expenditure	97
FRD 22I	Statement of availability of other information	105
FRD 29C	Workforce data disclosures	41
FRD 25D	Local jobs first	96
SC 5.2	Specific information requirements under Standing Direction 5.2	*

Ministerial Directions Legislation	Requirement	Page reference
Financial statements		
<i>Compliance attestation and declaration</i>		
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction	98
SD 5.2.3	Declaration in report of operations	2
Financial statements		
<i>Declaration</i>		
SD 5.2.2	Declaration in financial statements	47
<i>Other requirements under Standing Directions 5.2</i>		
SD 5.2.1 (a)	Compliance with Australian account standards and other authoritative pronouncements	59
SD 5.2.1 (a)	Compliance with ministerial directions	94
<i>Other disclosures in notes to the financial statements</i>		
FRD11A	Disclosure of ex-gratia payments	N/A
FRD 21C	Responsible person, executive officer and other personnel disclosures	87
FRD 103I	Non-financial physical assets	
FRD 110A	Cash flow statements	58
FRD 112D	Defined benefit superannuation obligations	76
Legislation		
<i>Freedom of Information Act 1982</i>		99
<i>Building Act 1993</i>		98
<i>Public Disclosure Act 2012</i>		95
<i>Local Jobs First Act 2003</i>		96
<i>Carers Recognition Act 2012</i>		98
<i>Financial Management Act 1994</i>		94





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Annual Report 2020-2021